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**HOTEL MARKET STUDY REPORT  
FOR A  
PROPOSED HOTEL - LAKEWOOD  
LAKEWOOD, CUYAHOGA COUNTY, OHIO**

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Date of Report:

January 3, 2013

FOR

Mr. Dru Siley  
Director  
City of Lakewood Department of Planning and Development  
12650 Detroit Avenue  
Lakewood, OH 44107



## HOTEL & LEISURE ADVISORS

January 3, 2013

Mr. Dru Siley  
Director  
City of Lakewood Department of Planning and Development  
12650 Detroit Avenue  
Lakewood, OH 44107

**RE: Proposed Hotel - Lakewood  
Lakewood, Cuyahoga County, Ohio**

Dear Mr. Siley:

In fulfillment of our engagement letter, we have completed our study of the market demand for the proposal to develop a hotel within the city boundaries of Lakewood, Cuyahoga County, Ohio. A specific site has not yet been identified for the proposed hotel. Our study focused upon the performance of the existing competitive hotel supply and potential demand for a new hotel within the city limits. We have recommended four different areas of the city of Lakewood to consider for a new hotel development.

The consultants have prepared more than 2,000 similar studies over the past 25 years with various firms. The study is based upon market conditions observed as of research conducted in November and December, 2012.

**Assumptions**

The conclusions contained in this report are based upon a review of information provided by you and on-site field work in the market area which is described in the Scope of Assignment section. As in all studies of this type, the conclusions reached do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed hotel, as well as an aggressive marketing program prior to and after the opening of the proposed hotel. We presume no significant change in the competitive position of the hotel industry in the area from that as set forth in this report. We do not warrant that the estimates will be attained, but they have been conscientiously prepared on the basis of information obtained and our experience in the hotel industry.

It is expressly understood that the scope of this study and the report thereon do not include the possible impact of zoning regulations, licensing requirements, or other restrictions concerning the project, except where such matters have been brought to our attention and which are set forth in this report.

This report and its contents are intended solely for the information of our client for internal use relative to determining the feasibility of the project. The report should not be relied upon for any other purpose. Otherwise, neither our report nor any of its contents nor any reference to Hotel & Leisure Advisors, LLC (H&LA) may be included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other

Mr. Dru Siley  
January 3, 2013  
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appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

We offer additional consulting services on this proposed property as the scope of the development is finalized. In addition, we are available to assist the city in preparing a request for proposal to find potential developers for the project. We are also available to prepare a self-contained full narrative appraisal report, economic impact study, or management company analysis for the proposed development upon request. We are available to provide asset management services to the client if the hotel is developed. We appreciate the opportunity to be of service to your organization and look forward to working with you again.

Respectfully submitted,

**Hotel & Leisure Advisors, LLC**



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David J. Sangree, MAI, ISHC  
President

**HOTEL MARKET STUDY REPORT  
FOR THE  
PROPOSED HOTEL - LAKEWOOD**

**LAKWOOD, CUYAHOGA COUNTY, OHIO  
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## **SCOPE OF THE ASSIGNMENT**

Hotel & Leisure Advisors, LLC has been retained by Mr. Dru Siley with the city of Lakewood to prepare a market demand study to analyze the market feasibility of the development of a hotel in the city of Lakewood.

We made a number of independent investigations and analyses in preparing this study. We evaluated various locations within the city of Lakewood and their relationship to potential demand generators as well as their attributes relative to the lodging competitors. We interviewed representatives of Positively Cleveland, chamber of commerce, city officials, county officials, economic development officials, and assessor's office to collect information concerning the city and region. We interviewed managers or owners of existing and proposed competitive hotel properties. We interviewed representatives of various hotel chains to determine performance of area hotels and proposed new supply additions. We interviewed representatives of area attractions to determine usage and new supply additions. We have conducted a demand survey with over 200 individuals and businesses through Lakewood Alive, the Lakewood Chamber of Commerce, and in person interviews with various potential users of the proposed facility.

In conducting our investigation and analysis, we relied on data retained in our office, which is updated regularly for use in all assignments. Various agencies and databases, including the Site to Do Business database, were contacted for demographic data, land use policies and trends, growth estimates, and employment data.

Neighborhood data was supplemented by a physical inspection of various areas of the city of Lakewood. Mr. Dru Siley provided data for our analysis concerning the city of Lakewood.

As a specific site has not been identified and a developer has not been selected, we have concluded our study by providing a recommendation as to the type of property and a range of potential occupancy and average daily rate performance. We are available to prepare additional analysis on a specific site and a specific project upon request.

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## **EXECUTIVE SUMMARY**

The city of Lakewood is interested in having a new hotel developed within the city boundaries. At this time, no specific sites have been identified for the proposed hotel. Based upon our analysis, we believe that the potential exists for a new hotel to be developed within the city of Lakewood. The new hotel would attract demand from downtown Cleveland, Cleveland Hopkins International Airport area, various west shore suburbs, and businesses and individuals in Lakewood.

### **Site Analysis**

We have considered potential locations for a new hotel in the city of Lakewood, Ohio. We recommend four specific areas for a developer to consider construction of a new hotel within the city of Lakewood boundaries. Each of these four areas has advantages and disadvantages which should be considered by a potential developer in their analysis of whether to construct a new hotel within Lakewood. The four areas include the following:

1. Downtown Lakewood
2. West End of Lakewood
3. Interstate 90 and Warren Road or Bunts Road interchange
4. East End of Lakewood (W and Clifton)



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**Facilities Recommendations**

The following chart profiles our recommendations for the proposed hotel in Lakewood, Cuyahoga County, Ohio.

<b>Proposed Hotel - Lakewood Recommended Facility</b>	
<b>Number of Units</b>	<b>Between 60 and 100</b>
<b>Franchise Recommendations</b> Hampton Inn by Hilton Holiday Inn Express Fairfield Inn and Suites or Springhill Suites by Marriott	
<b>Meeting Rooms</b>	<b>Square Feet</b>
Meeting space	500 to 1,500
<b>Food and Beverage Outlets</b> Complimentary breakfast	
<b>Amenities</b> Indoor Pool Whirlpool Fitness Room Complimentary High Speed Internet On-site parking Business Center	
Source: Hotel & Leisure Advisors	

Smith Travel Research categorizes hotels into chain scale segments. Branded hotels are grouped based on the actual average room rates. Independent hotels, regardless of their average room rates, are included as a separate chain scale category. The chain scale segments are:

- Luxury Chains
- Upper Upscale Chains
- Upscale Chains
- Upper Midscale Chains
- Midscale Chains
- Economy Chains
- Independents

Within these categories, there are several different types of hotels that can be considered for construction:

**Full-Service hotels** are generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels often including bell service and room service. These hotels report food and beverage revenue.

**Limited-Service hotels** have rooms-only operations, (i.e. without food and beverage service) or offer a bedroom and bathroom for the night, but very few other services and amenities. These hotels are often in the economy, midscale, and upper midscale chain groups and do not report food and beverage revenue.

**Extended Stay hotels** focus on attracting hotel guests for extended periods of time. These hotels quote weekly rates. These hotels typically include a dining area and a kitchenette for their guests. These hotels can be in various groups, from upscale to economy.

**Economy hotels** focus on providing basic hotel services to guests at a lower price point. Typically, these properties lack amenities such as food and beverage.

**Boutique hotels** offer rooms and public spaces with a unique, contemporary and distinctive design and are not affiliated with any national hotel chain. Hotels in this category often create and promote a stylish, luxurious, or modern feeling. Boutique hotels are usually smaller than traditional hotels and the more successful ones are located in established vacation destination markets with many attractions.

We recommend a branded hotel offering between 60 and 100 rooms. Being affiliated with a national hotel chain affords the property name recognition and popularity among brand loyal hotel guests. While a boutique style hotel remains an option given the smaller room count, the Lakewood market lacks the strong demand generators essential for a small, independent hotel to thrive. A branded hotel will be more likely to attract overflow demand from Cleveland, Westlake, and other communities than an independent boutique hotel.

### **Subject Hotel Projections**

The following table indicates our projections of occupancy and average daily rate performance for the proposed hotel in a stabilized year of our analysis.

<b>Proposed Hotel - Lakewood Proposed Range of Occupancy and ADR Performance</b>	
Occupancy in stabilized year	Stabilized Year 65% to 70%
ADR in 2015 dollars in stabilized year	\$100 to \$120

### **Area Review**

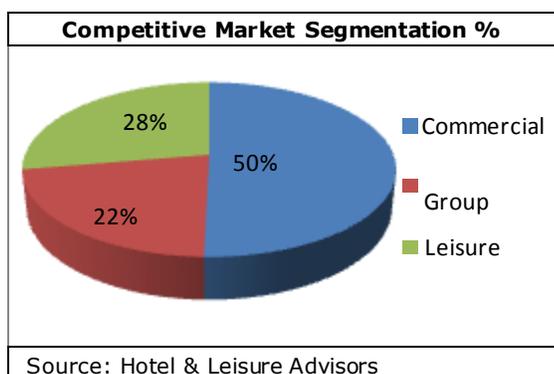
Lakewood is an inner ring suburban city located directly west of Cleveland, along the Lake Erie shoreline. Downtown Lakewood is within a 10-mile drive of both downtown Cleveland and Cleveland Hopkins International Airport. A predominantly residential community, Lakewood's top employers include Lakewood Hospital, Lakewood City Schools, various city administration departments, and NY Life Insurance.

**Competitive Hotel Market**

The city of Lakewood currently has two economy hotels. We recommend the proposed new construction hotel be a midscale or upscale hotel based upon the classification system by Smith Travel Research shown in the chart on page C-5 of this report. We have profiled the performance of a grouping of eight competitive hotels located in Lakewood, Westlake, and around the Cleveland Hopkins International Airport in the following chart.

<b>Proposed Hotel - Lakewood Historical Performance of Competitive Set</b>			
<b>Total Market Demand Segment</b>	<b>Historical</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Commercial</b>	124,881	131,007	136,348
<b>Group</b>	54,832	57,230	59,346
<b>Leisure</b>	72,166	72,662	74,973
<b>Total Room Night Demand</b>	251,879	260,899	270,668
Total Room Demand Growth	-	3.6%	3.7%
Total Room Nights Available	408,070	408,070	408,070
Total Room Supply Growth	-	0.0%	0.0%
Adjusted Market Occupancy	61.7%	63.9%	66.3%
ADR	\$90.01	\$93.42	\$97.42
ADR Growth	-	3.8%	4.3%
RevPAR*	\$55.56	\$59.73	\$64.62
RevPAR Growth	-	7.5%	8.2%
*RevPAR is revenue per available room and equals the occupancy percentage times ADR			
Source: Hotel & Leisure Advisors			

As shown in the following table, the existing competitive supply is primarily focused on commercial demand with a smaller amount of group and leisure demand. The market achieves its highest occupancy levels in the summer months.



**Subject Development Outlook**

Overall, our study has revealed that the growth in demand from downtown Cleveland due to the recent opening of the Horseshoe Casino and the planned opening of the Medical Mart and Cleveland Convention Center in 2013 will facilitate the opportunity to develop additional hotels in the suburban areas to provide hotel rooms during larger events and

conventions. Our demand survey indicated a strong interest in a new hotel within the city of Lakewood from both local residents and local businesses. Our survey of area hotels indicated that the newer properties with stronger franchise brand affiliations are achieving strong levels of performance in Westlake and around the Cleveland Hopkins International Airport. Although the two existing hotels in Lakewood, the Days Inn and the Travelodge, are achieving below market occupancy and average daily rate performance figures, this is because of their older ages and need of renovations. In our opinion, the market exists for a potential development of a new hotel in the city of Lakewood. Due to the potential challenge of obtaining an appropriate site for a hotel development, the city of Lakewood should consider offering municipal incentives to a potential developer in the form of a tax abatement, assistance in acquisition of land, or other infrastructure assistance.

### **STANDARD CONDITIONS**

The following Standard Conditions apply to real estate consulting engagements and appraisals by Hotel & Leisure Advisors, LLC (H&LA). Extraordinary Assumptions are added as required.

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.
2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.
3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.

4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.
7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over

- the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.
  13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
  14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
  15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. No other code, ordinance, rule or regulation of any kind or nature whatsoever shall apply.
  16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for work performed pursuant to the engagement letter. The client acknowledges that H&LA cannot and does not guarantee and makes no representations as to the success of the project. H&LA shall not be liable for any incidental, breach of warranty, consequential or punitive damages, expenses, costs or losses whatsoever directly or indirectly arising out of the services performed hereunder (including negligence and/or gross negligence). In addition, there is no accountability or liability to any third party.
  17. The client hereby releases and discharges H&LA, its directors, officers, and employees, from and against any and all claims and demands of any nature or kind whatsoever arising as a result of the design, development, operations, and performance of the proposed or existing project. The client furthermore agrees to indemnify, defend and hold harmless H&LA and its directors, officers and employees, from any and all claims of any nature whatsoever, including attorney fees, expenses and costs.
  18. The report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.
  19. The provisions of the report, the engagement letter and these standard conditions shall be severable, and if a court of competent jurisdiction holds any provisions of the report, engagement letter and these standard conditions invalid, illegal or unenforceable, the remaining provisions shall nevertheless remain in full force and effect as written.

## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

It is assumed that qualified professional hospitality management with demonstrated expertise in management of hotels will develop and operate the proposed hotel. It is assumed that adequate funds will be available for upkeep and repair of the facility.

The location and amenities of the proposed hotel and the details concerning its structure are still in the idea stage and the analysis shown in this report may change depending upon the location, type of facility, and amenities planned for the proposed project. As these plans are determined, they could have a material impact on this study.

There are no other extraordinary assumptions or hypothetical conditions.

## **COMPETENCY OF THE CONSULTANTS**

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, ski resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants of the firm have prepared more than 2,000 hotel studies since 1987 at various firms. Mr. David J. Sangree, MAI, CPA, ISHC has written articles concerning hotels, resorts, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America and CNBC concerning shows on resorts and waterparks. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.

**AREA REVIEW**

The feasibility of a hotel project is influenced in a general manner by the economic, political, physical and social characteristics of its surrounding area. The subject is to be located in Lakewood, Cuyahoga County, Ohio, within the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). An MSA consists of at least one urbanized area of 50,000 or more people plus adjacent areas with a high degree of social and economic integration with the core as measured by commuting ties. According to the U.S. Census Bureau, the Cleveland-Elyria-Mentor MSA consists of Cuyahoga, Geauga, Lake, Lorain, and Medina Counties. Throughout this section of the report, this statistical area will be referred to simply as the Cleveland MSA.

Lakewood is an inner ring suburban city located directly west of Cleveland, along the Lake Erie shoreline. Downtown Lakewood is within a 10-mile drive of both downtown Cleveland and Cleveland Hopkins International Airport. A predominantly residential community, Lakewood’s top employers include Lakewood Hospital, Lakewood City Schools, various city administration departments, and NY Life Insurance.

According to The Appraisal of Real Estate, Edition published by the Appraisal Institute, market area analysis focuses on the four forces – social, economic, governmental, and environmental – that influence value. Analysis of the four forces is performed by investigating specific factors pertaining to each. With a hospitality property, particular emphasis is placed on trends affecting visitors to the area.

**Social Forces**

In performing a market area analysis, it is necessary to identify relevant social characteristics and influences. To identify and describe these characteristics, one must know that the social or demographic characteristics that influence property values most in a community tend to overlap. Price levels in the subject market in relation to prices in competing areas reflect the overall desirability of the subject market area. Relevant demographic characteristics include population density, employment categories, age levels, household size, and employment status. The population, income, and employment figures presented in this section were taken from the Site To Do Business (STDB) database and are based on official Census findings and estimates and projections from the Environmental Systems Research Institute (ESRI).

**Population Trends:** The following table presents population growth trends for Lakewood, Cuyahoga County, the Cleveland MSA, and the state of Ohio.

<b>Population Growth Trends Lakewood, Ohio</b>							
<b>Area</b>	<b>2000 Census</b>	<b>2010 Census</b>	<b>2012 Est.</b>	<b>2017 Proj.</b>	<b>%Change 2000-10</b>	<b>%Change 2010-12</b>	<b>%Change 2012-17</b>
Lakewood	56,646	52,131	51,830	50,581	-8.0%	-0.6%	-2.4%
Cuyahoga County	1,393,978	1,280,122	1,276,510	1,249,335	-8.2%	-0.3%	-2.1%
Cleveland MSA	2,148,143	2,077,240	2,083,928	2,071,526	-3.3%	0.3%	-0.6%
Ohio	11,353,140	11,536,504	11,590,198	11,673,057	1.6%	0.5%	0.7%

Sources: U.S. Census Bureau, ESRI

According to current population estimates, the Cleveland MSA is home to around 2.1 million residents, with roughly 1.3 million in the core county of Cuyahoga. Population counts in the greater Cleveland area declined between the 2000 and 2010 Censuses, with Cuyahoga County seeing a greater degree of population loss than the MSA as a whole. As shown, population trends in the city of Lakewood have more or less mirrored Cuyahoga County, and this is projected to remain the case heading into the future.

**Households:** Household consumption plays a critical role in the economic outlook of a region. A household is broadly defined as one or more person(s) living in a housing unit. Households consist of married couples, and male and female householders. The following table presents household growth trends for Lakewood, Cuyahoga County, the Cleveland MSA, and Ohio.

Household Growth Trends Lakewood, Ohio							
Area	2000 Census	2010 Census	2012 Est.	2017 Proj.	%Change 2000-10	%Change 2010-12	%Change 2012-17
Lakewood	26,693	25,274	24,963	24,756	-5.3%	-1.2%	-0.8%
Cuyahoga County	571,457	545,056	539,824	536,630	-4.6%	-1.0%	-0.6%
Cleveland MSA	853,165	854,893	851,520	857,954	0.2%	-0.4%	0.8%
Ohio	4,445,773	4,603,435	4,610,285	4,675,503	3.5%	0.1%	1.4%

Sources: U.S. Census Bureau, ESRI

According to the 2012 estimates, there are roughly 25,000 households living in the city of Lakewood, 540,000 in Cuyahoga County, and 852,000 in the Cleveland MSA. Household counts in Lakewood and Cuyahoga County have declined in recent years, and this trend is expected to continue over the period of 2012 to 2017.

**Higher Education:** Institutions of higher learning are typically demand generators for hotels and they help to provide an area with a stable employment base. Lakewood is home to two notable higher education institutions: Virginia Marti College of Art and Design and the University of Akron Lakewood (UA Lakewood). Virginia Marti College of Art and Design, located on Detroit Avenue near the city’s eastern border, is a private two-year institution specializing in graphic design, interior design, fashion design, and digital media. The University of Akron Lakewood campus, which first opened in 2011, is located on the first floor of the historic Bailey Building at the corner of Detroit and Warren in downtown Lakewood. This satellite campus offers undergraduate and graduate level courses in education, social work, business administration, and nursing. Virginia Marti College and UA Lakewood are both small, nonresidential campuses, with typical enrollments of less than 300 students.

Beyond Lakewood, major colleges and universities in the greater Cleveland area include Cleveland State University, Cuyahoga Community College (Tri-C), Case Western Reserve University in the University Circle area of Cleveland, John Carroll University in University Heights, Baldwin-Wallace College in Berea, Lorain County Community College in Elyria, Lakeland Community College in Kirtland, and Oberlin College in Oberlin. Northeast Ohio is also home to two major regional universities – the University of Akron and Kent State University – both of which enroll more than 18,000 students annually.

**Retail Centers:** Research conducted by the Travel Industry Association of America indicates that shopping continues to be the most common activity among U.S. adult travelers, with an estimated 63% including shopping as an activity on a trip. While there may be many types of retail stores in a given area, travelers are typically drawn to traditional enclosed malls, outlet malls, downtown shopping districts, and outdoor “lifestyle” centers. The next table lists the top five retail centers in the greater Cleveland area based on total retail area.

<b>Top 5 Retail Centers in the Greater Cleveland Area</b>				
<b>Name</b>	<b>Location</b>	<b>Total Retail Area (SF)</b>	<b>Total Stores</b>	<b>Anchors</b>
SouthPark Mall	Strongsville	1,626,198	168	Dillard's, Sears, JCPenney, Macy's, Kohl's
Great Northern Mall	North Olmsted	1,228,969	130	Dillard's, JCPenney, Macy's, Sears
Great Lakes Mall	Mentor	1,202,374	125	Dillard's, Sears, JCPenney, Macy's
Parmatown Mall	Parma	992,000	135	Macy's, JCPenney, Wal-Mart, Dick's Sporting Goods
Beachwood Place	Beachwood	975,000	120	Dillard's, Saks Fifth Avenue, Nordstrom
Source: <i>Crain's Cleveland Business Book of Lists 2012</i>				

Downtown Lakewood offers an eclectic mix of restaurants, bars, and retail shops. In terms of retail, the city offers a number of unique, locally owned stores such as GreenSmart Gifts, Paisley Monkey, Rozi’s Wine House, and Geiger’s Clothing & Sports. Prominent restaurants along Detroit Avenue include Melt Bar & Grilled, Deagan’s Kitchen & Bar, Eddie `N Eddie, Pacer’s, Aladdin’s, and Quaker Steak & Lube.

As indicated, the largest retail centers in the Cleveland area are located in the outlying suburban communities. The Cleveland area has seen a handful of major new retail developments since 2000 including the one million square foot Steelyard Commons power center in Cleveland, the 800,000 square foot Crocker Park in Westlake, the 650,000 square foot University Square in University Heights, and the 587,000 square foot Legacy Village in Lyndhurst.

**Tourism Statistics:** According to a Longwoods International report titled *Travel and Tourism in Ohio: 2011 Travel Year*, published in July 2012 by the Ohio Division of Travel and Tourism, the state recorded a total of 36.5 million overnight trips in 2011. Of this number, over 35% were attributed to the Northeast Region, amounting to an estimated 12.9 million overnight trips. The region was also the leading destination among day trippers in 2011, with 49.8 million of the state total of 143.7 million day trips. Statewide, the average age among visitors in 2011 was 44.3. Among overnight visitors, the top five states of origin were Ohio, Michigan, Pennsylvania, Indiana, and Kentucky.

According to a 2012 study conducted by D.K. Shifflet & Associates, Cuyahoga County received 14.9 million visitors in 2011, up from the 13.0 million reported for 2009. Tourism-related spending generated \$6.7 billion in economic activity in the county in 2011, representing a 12% increase over 2009. According to Positively Cleveland, the official convention and visitors bureau for the region, these strong upward trends in visitation and spending are anticipated to continue due to the mid 2012 opening of the Horseshoe Casino Cleveland and the 2013 opening of the new Cleveland Medical Mart & Convention Center. Downtown Cleveland alone is projected to see six million visitors in 2013, which is about double the visitation it has seen in recent years.

**Recreation and Regional Attractions:** Recreational facilities and regional attractions enhance an area’s quality of life. These activities also have a significant economic impact on an area by increasing the demand for services and retail trade created by visitors. Tourists in turn tend to generate lodging demand on weekends, holidays and summer months, offsetting commercial visitations during weaker periods. The following table lists major attractions in the area.

<b>Major Tourist Attractions in the Subject Area</b>	
<b><u>Attraction</u></b>	<b><u>Location</u></b>
Beck Center for the Arts	Detroit Avenue, Lakewood
Serpentini Winterhurst Arena	I-90 & Warren Road, Lakewood
Lakewood Park	Lakewood Lakefront
Horseshoe Casino Cleveland	Downtown Cleveland
Quicken Loans Arena	Downtown Cleveland
Progressive Field	Downtown Cleveland
Browns Stadium	Cleveland Lakefront
Rock and Roll Hall of Fame & Museum	Cleveland Lakefront
University Circle (multiple attractions)	East of Downtown Cleveland
Cleveland Metroparks Zoo	Southwest of Downtown Cleveland
Source: Hotel & Leisure Advisors	

Prominent attractions in the city of Lakewood include the Beck Center for the Arts, Serpentine Winterhurst Arena, and Lakewood Park. One of northeast Ohio’s largest nonprofit arts centers, the Beck Center hosts a wide range of concerts, theatrical productions, and gallery shows throughout the year, in addition to providing educational programs for children. Serpentine Winterhurst Arena, operated by Ice Land USA, is a year-round venue for hockey and ice skating. The double rink arena can also be reserved for birthday parties, fundraisers, and other events. Lakewood Park, located along the Lake Erie shore, features an outdoor concert stage, an outdoor pool, playground, picnic area, baseball fields, tennis courts, basketball courts, a skate park, and a lakefront walkway with views of downtown Cleveland.

Horseshoe Casino Cleveland, the city's latest major attraction, opened in May 2012 in the historic Higbee Building near Terminal Tower in downtown Cleveland. A second phase of the casino is expected to open within the next two years. The Flats, located west of downtown along the Cuyahoga River, are a popular leisure destination for residents and visitors, offering a number of night clubs, restaurants, and entertainment options. The Nautica Entertainment Complex, an outdoor concert venue, is located on the West Bank of the Flats. In January 2012, the new Greater Cleveland Aquarium opened on the West Bank of the Flats within the historic Powerhouse. On the East Bank, a major mixed-use development is currently under construction that will create an office tower, hotel, and apartments, along with new restaurants and night clubs.

Within the greater Cleveland area, there are numerous recreational attractions for residents and visitors to enjoy. The countywide Cleveland Metroparks system provides over 20,000 acres of land for recreation and nature. In the Big Creek valley sits the Cleveland Metroparks Zoo and Rain Forest. The Rocky River Reservation stretches from Lakewood south to Berea. Apart from the Metroparks is Cleveland Lakefront State Park, which provides public access to Lake Erie. Among its six parks are Edgewater Park, located between the Shoreway and Lake Erie just west of downtown, and Euclid Beach Park and Gordon Park on the east side. The City of Cleveland's Rockefeller Park, with its many Cultural Gardens honoring the city's ethnic groups, follows Doan Brook across the city's east side.

Downtown Cleveland's Playhouse Square Center, with its five restored theaters, is the nation's second largest performing arts center. The Ohio Theatre is home to the Great Lakes Theater Festival, and the others host nationally-recognized touring theater and music productions year round. One of Cleveland's most popular attractions is the Rock and Roll Hall of Fame and Museum, the world's only facility dedicated to the living heritage of rock and roll music. Situated on the shores of Lake Erie, the museum houses the most extensive collection of rock and roll artifacts and memorabilia in the world. Adjacent to the Rock and Roll Hall on North Coast Harbor is the Great Lakes Science Center, where visitors can enjoy more than 400 interactive exhibits and a six-story OMNIMAX theater. Other prominent cultural and historical attractions in Cleveland include the Cleveland Museum of Art, Severance Hall (home of the Cleveland Orchestra), Cleveland Museum of Natural History, Cleveland Botanical Garden, Children's Museum of Cleveland, and the Western Reserve Historical Society, all located in University Circle.

Cleveland is also home to three major professional sports franchises. The Quicken Loans Arena hosts NBA's Cleveland Cavaliers basketball, as well as the Lake Erie Monsters of the AHL, and the Cleveland Gladiators of the AFL. In all, the Quicken Loans Arena hosts around 200 events each year, with a total annual attendance of close to two million. Progressive Field is home to Major League Baseball's Cleveland Indians. The Cleveland Browns of the NFL play their home games at the lakefront Cleveland Browns Stadium. The Wolstein Center, another major sports and entertainment venue, is used by Cleveland State University's athletic teams and is also the site of several major concerts and events each year.

**Convention Facilities:** Large event facilities such as convention centers, exposition centers, fairgrounds, theaters, stadiums, and arenas play a major role in attracting visitors to an area. These visitors frequently make use of paid overnight accommodations and patronize local restaurants, retail stores, and tourist attractions.

The under-construction Cleveland Convention Center and the International Exposition Center are and will be the two main venues for conventions, expositions, and trade shows. The International Exposition (I-X) Center is located on a 188-acre site adjacent to Cleveland-Hopkins International Airport. The I-X Center is the ninth largest convention center in the world with over one million square feet of space which includes an 800,000 square foot Main Exhibit Hall. Additionally, the I-X Center offers an 85,000 square foot carpeted Conference Center with 26 meeting rooms and a Grand Ballroom that can seat up to 900 people. A new \$425 million Medical Mart and Convention Center is currently under construction in downtown Cleveland. These new facilities, located at the site of the existing Convention Center, are expected to attract medical-related events to the city. The Medical Mart and Convention Center complex is scheduled to be completed and open in 2013. Within the western suburbs of Cleveland, several smaller meeting and event spaces are available at various country clubs, restaurants, community facilities, and hotels.

**Economic Forces**

Economic considerations relate to the financial capacity of a market area’s occupants and their ability to purchase goods and services. Among the economic factors that can be considered in this type of analysis are median household income levels, per capita income, income distribution for households, unemployment levels, and the amount and type of economic development in a given area.

**Income:** The economic vitality of an area is an important consideration in forecasting the demand and potential income for commercial real estate. The table below lists median household income estimates for Lakewood, Cuyahoga County, the Cleveland MSA, and Ohio.

<b>Median Household Income Estimates Lakewood, Ohio</b>			
<b>Area</b>	<b>2012 Est.</b>	<b>2017 Proj.</b>	<b>%Change 2012-17</b>
Lakewood	\$41,176	\$48,701	18.3%
Cuyahoga County	\$41,036	\$49,282	20.1%
Cleveland MSA	\$45,618	\$53,243	16.7%
Ohio	\$44,508	\$52,082	17.0%

Sources: U.S. Census Bureau, ESRI

Income levels in the local area tend to be fairly representative of the county and MSA. For 2012, the median household income was estimated at \$41,176 in Lakewood and \$41,036 in Cuyahoga County, compared to \$45,618 in the Cleveland MSA and \$44,508 in Ohio. As an additional point of comparison, the median household income for the United States as a whole is estimated at \$50,157 for 2012. At all geographic levels, the subject area is projected to experience healthy income growth over the next few years.

**Cost of Living:** According to *Kiplinger’s Personal Finance’s* ranking of “Best Cities for Every Age, 2012” the cost of living in the Cleveland MSA is slightly above average compared to other metro areas in the United States. For 2012, the Cleveland MSA had a

cost of living index of 101.5. As an index score of 100 represents the national average, MSAs with a cost of living index below 100 are considered to have a lower cost of living while those with an index score above 100 are considered to have a higher cost of living.

The following table compares the cost of living in the Cleveland MSA to that of other major metro areas in the United States.

<b>Cost of Living Comparison</b>	
<b>MSA</b>	<b>Cost of Living Index</b>
Houston-Baytown-Sugar Land, TX	89.5
St. Louis, MO-IL	91.2
Tampa-St. Petersburg-Clearwater, FL	91.9
San Antonio, TX	92.5
Detroit-Warren-Livonia, MI	93.8
Dallas -Fort Worth-Arlington, TX	94.0
Pittsburgh, PA	94.9
Phoenix-Mesa-Scottsdale, AZ	96.6
Atlanta-Sandy Springs-Marietta, GA	97.6
<b>Cleveland-Elyria-Mentor, OH</b>	<b>101.5</b>
Portland-Vancouver-Beaverton, OR-WA	104.6
Denver-Aurora, CO	105.1
Chicago-Naperville-Joliet, IL-IN-WI	107.4
Miami-Fort Lauderdale-Miami Beach, FL	109.1
Minneapolis-St. Paul-Bloomington, MN-WI	110.7
Seattle-Tacoma-Bellevue, WA	111.7
Sacramento--Arden-Arcade--Roseville, CA	116.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	117.1
Riverside-San Bernardino-Ontario, CA	117.2
Baltimore-Towson, MD	119.2
San Diego-Carlsbad-San Marcos, CA	130.8
Washington-Arlington-Alexandria, DC-VA-MD-WV	136.3
Los Angeles-Long Beach-Santa Ana, CA	137.9
Boston-Cambridge-Quincy, MA-NH	139.4
San Francisco-Oakland-Fremont, CA	149.5
New York-Newark-Edison, NY-NJ-PA	154.8

Source: *Kiplinger's Personal Finance*, "Best Cities for Every Age, 2012"

## **Industries and Employment**

Information on the size of a region's labor force and the relative trends in employment and unemployment are key local economic indicators.

**Unemployment Rates:** The widely cited unemployment rate provides a good measure of the relative utilization of labor in a region. These measures are "residency-based," providing current information on the labor force status of the residents of a county or region. The following table presents unemployment rates for Lakewood, Cuyahoga County, the Cleveland MSA, and the state of Ohio.

<b>Historical Unemployment Rates</b>					
<b>Area</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Lakewood	5.2%	5.9%	7.7%	7.5%	6.6%
Cuyahoga County	6.3%	7.0%	9.0%	9.0%	8.0%
Cleveland MSA	6.1%	6.7%	8.8%	8.7%	7.7%
Ohio	5.6%	6.5%	10.1%	10.0%	8.6%
United States	4.6%	5.8%	9.3%	9.6%	8.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Like most parts of the country, the Cleveland area has seen elevated levels of unemployment since 2008 as a result of the lingering recession. However, the unemployment rate in the city of Lakewood has remained below the county, MSA, and state levels. In 2011, the annual unemployment rate stood at 6.6% in Lakewood, compared to 8.0% in Cuyahoga County, 7.7% in the Cleveland MSA, and 8.6% in the state of Ohio as a whole. The Bureau of Labor Statistics also tracks unemployment on a monthly basis. Preliminary figures for October 2012 indicate an unemployment rate of 4.9% in Lakewood, 6.2% in Cuyahoga County, 6.1% in the Cleveland MSA, and 6.3% in the state of Ohio. These lower monthly numbers, combined with the lower annual rates for 2011, point to ongoing improvement for the overall employment picture in greater Cleveland.

**Employment by Industry:** The distribution of employment helps determine the economic character of an area. The chart below shows the three largest industrial sectors in terms of the estimated number of persons employed in 2010 for Lakewood, Cuyahoga County, the Cleveland MSA, and the state of Ohio.

<b>Largest Industrial Sectors, 2010</b>						
<b>Lakewood, Ohio</b>						
<b>Geographic Area</b>	<b>Largest industrial sector</b>		<b>2nd largest industrial sector</b>		<b>3rd largest industrial sector</b>	
	<b>Industry</b>	<b>Percentage of persons employed</b>	<b>Industry</b>	<b>Percentage of persons employed</b>	<b>Industry</b>	<b>Percentage of persons employed</b>
<b>Lakewood</b>	Health Care/Social Assistance	20.4%	Accommodation/ Food Services	10.3%	Educational Services	10.1%
<b>Cuyahoga County</b>	Health Care/Social Assistance	16.1%	Manufacturing	12.4%	Retail Trade	10.9%
<b>Cleveland MSA</b>	Health Care/Social Assistance	14.6%	Manufacturing	14.3%	Retail Trade	11.7%
<b>Ohio</b>	Health Care/Social Assistance	15.5%	Manufacturing	13.5%	Retail Trade	12.5%

Source: ESRI

The leading employment sector in the city, county and MSA is Health Care/Social Assistance. The area's top three health care employers are the Cleveland Clinic, University Hospitals, and the MetroHealth System, all of which are based in Cleveland. In the local area, a large proportion of the health care employment is attributable to

Lakewood Hospital, part of the Cleveland Clinic system. In the county and MSA, the next largest sectors are Manufacturing and Retail Trade. Employment in the Accommodation/Food Services sector is a reliable indicator of the importance of travel and tourism to a local economy. In 2010, this sector accounted for an estimated 10.3% of the overall employment in the city of Lakewood, 7.0% in Cuyahoga County, 7.2% in the Cleveland MSA, and 7.6% in the state of Ohio as a whole. For Lakewood, this breaks down to an estimated 10.2% classified as "Food Services and Drinking Places" and just 0.1% classified as "Accommodation." For the Cleveland MSA, the split between these two subcategories was 6.4% to 0.9%. This comparison highlights the fact that, while Lakewood has a large number of bars and restaurants, there are comparatively very few hotels.

The next table shows the total annual nonfarm employment in the Cleveland MSA and the state of Ohio for the years 2007 through 2011, plus the latest monthly numbers for 2012 as compared to the same period in 2011. These figures are based on the employment status of residents.

<b>Total Nonfarm Employment, 2007-2011</b>				
	<b>Cleveland MSA % Change</b>		<b>Ohio % Change</b>	
2007	1,072,300	—	5,428,000	—
2008	1,058,500	-1.3%	5,362,400	-1.2%
2009	1,000,800	-5.5%	5,072,700	-5.4%
2010	991,100	-1.0%	5,034,700	-0.7%
2011	992,700	0.2%	5,083,100	1.0%
October 2011	994,300		5,141,600	
October 2012, Preliminary	1,006,700	1.2%	5,238,100	1.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics

As shown, total employment in the Cleveland MSA declined over the period of 2008 to 2010, with the largest percentage losses occurring in 2009. From 2010 to 2011, the MSA saw a slight rebound in overall employment but a smaller degree of job growth than the state of Ohio as a whole. By October 2012 the MSA's total nonfarm employment had risen by 1.2% as compared to October 2011, which was closer to the rate of growth reported at the state level. These figures suggest a strengthening job market heading into 2013.

**Major Employers:** The demand for hotels is closely tied to the types of businesses in an area, their economic strengths and their growth potential. The largest employers in Cuyahoga County are listed in the following table.

<b>Major Employers in Cuyahoga County</b>		
<b><u>Firm/Organization</u></b>	<b><u>#Employees</u></b>	<b><u>Description</u></b>
Cleveland Clinic	34,000	Health care provider
U.S. Office of Personnel Mgmt	15,095	Federal government
University Hospitals	13,726	Health care provider
Giant Eagle Inc.	10,311	Grocery store chain
Progressive Corp.	8,612	Auto insurance
Cuyahoga County	7,859	County government
State of Ohio	7,792	State government
United States Postal Service	7,362	Postal service
City of Cleveland	7,089	Municipal government
KeyCorp	5,827	Financial services
MetroHealth System	5,558	Health care provider
Case Western Reserve University	4,620	Higher Education
Swagelok Co.	3,600	Industrial fluid system mfg
Sherwin-Williams	3,035	Paints and related products
Source: Crain's Cleveland Business, <i>Book of Lists 2012</i>		

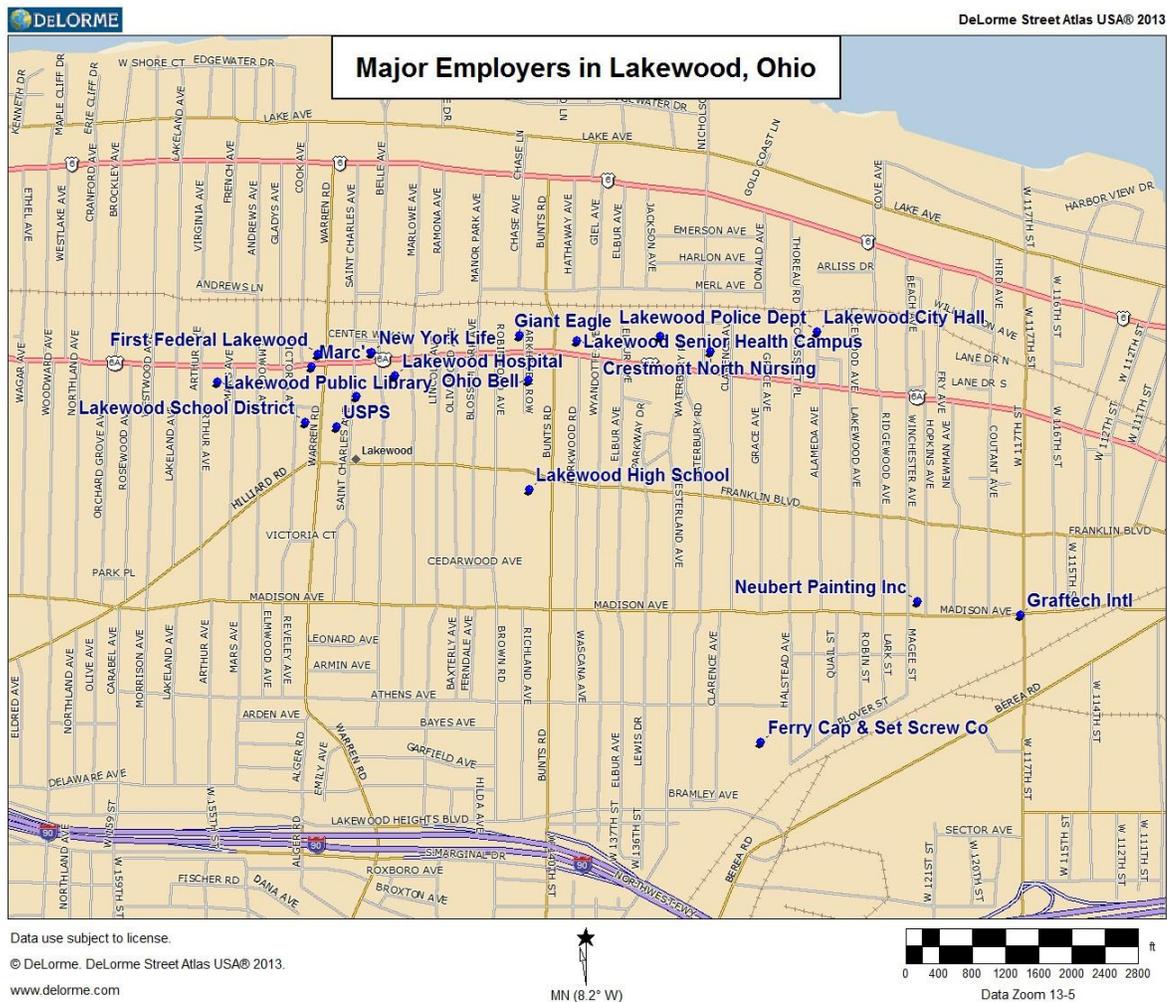
The following map shows Lakewood's location relative to major employers in Cuyahoga County.



The next table lists major employers in the city of Lakewood.

<b>Major Employers in the City of Lakewood</b>		
<b><u>Firm/Organization</u></b>	<b><u>#Employees</u></b>	<b><u>Description</u></b>
Lakewood Hospital	1,500	Hospitals
Lakewood City Schools	1,100	Schools
City of Lakewood	550	City Administration
New York Life Insurance Co	320	Insurance
Riser Foods Company	290	Grocers-Retail
Ohio Bell	190	Telephone Service
First Federal Lakewood	190	Banks
Graftech International Holdings	120	Graphite Industry
Ferry Cap & Set Screw Co	120	Manufacturing
MF Cachat Co	55	Chemicals-Sales
Source: City of Lakewood		

The next map shows the location of various major employers within the city of Lakewood.



**New Developments:** The following bullets describe recent developments that will influence tourism, employment, and the general economy in Lakewood and the greater Cleveland area.

- First Federal Lakewood has announced plans to expand into 13,000 square feet on two floors at Lakewood Center West. Since 2010, the company’s total employment has increased from 205 to 340, with approximately 190 of those jobs located at the main operations center in Lakewood. The planned expansion will create another 65 new jobs in Lakewood. In December 2012, the bank acquired naming rights to the football stadium at Lakewood High School for the next ten years for \$320,000, further demonstrating its commitment to the community.
- Several new restaurants have opened in Lakewood over the past few years, particularly in and around the downtown area along Detroit Avenue. Notable additions have included Panera, Melt Bar & Grilled, Deagan’s Kitchen & Bar, Quaker Steak & Lube, Jimmy John’s, and Eddie ‘N Eddie. A new 3,600 square foot World of Beer is planned for a ground-level site at the INA Building. Slated to

open in 2013, this unique new bar will feature craft and specialty beers with 50 selections on tap and 500 available in bottles.

- Lakewood has been recognized by several local and national publications for its high quality schools, housing, parks, libraries, and overall cultural vibrancy. Recent accolades have included "Best Suburb" from *Cleveland Scene Magazine*; "Coolest Suburb Worth a Visit" from *Travel + Leisure Magazine*; "Hottest 'Hood" from *USA Today*; "Best Place in Ohio to Raise Kids" from *Business Week*; and "Best Place in the Midwest to Buy an Old House" from *This Old House Magazine*.
- Horseshoe Casino Cleveland, the first casino in the state of Ohio, opened in downtown Cleveland in May 2012. The first phase of the casino is housed in the restored Higbee Building near Tower City Center, and the second phase is expected to be completed and open within a few years. Since opening, the casino has seen strong attendance and has had a significant impact on downtown hotels, restaurants, and retail stores. According to Rock Gaming, in the first seven months since the Horseshoe Casino opened, it generated approximately 30,000 room nights for its three official partner hotels.
- A new \$425 million Medical Mart and Convention Center is under construction in downtown Cleveland. The Medical Mart concept is intended to leverage Cleveland's strong reputation in the health sciences by attracting medical-related events to the city. The Medical Mart facility, to be located at the northeast corner of St. Clair Avenue and Ontario Street on the site of the former convention center, will be a glass-walled, 200,000 square foot structure with showrooms and meeting space on the ground floor and showrooms of up to 6,500 square feet on the upper floors. The Medical Mart building will connect to the L-shaped 300,000 square foot new construction Convention Center below malls B and C. This project, which broke ground in April 2011, is expected to be completed in 2013.
- Developer Scott Wolstein is constructing an 18-story office building, an Aloft hotel, a fitness center, and a riverfront boardwalk in the East Bank of the Flats. The \$275 million first phase of this project is now under construction. Ernst & Young plans to relocate its Middleburg Heights training facility to the new office tower. The \$120 million second phase is to include a 140-unit apartment complex and additional restaurants and entertainment outlets.
- In January 2012, the \$33 million Greater Cleveland Aquarium opened on the West Bank of the Flats in the historic Powerhouse. The Aquarium offers 70,000 square feet of aquarium exhibits, and an underwater walk-through experience in the Sea Tube. There is a planned \$40 million phase II which will include a series of glass atriums along the Cuyahoga River.
- A \$30 million renovation and expansion project is planned for the I-X Center that will increase the amount of useable space by 400,000 square feet and improve the overall appearance of the facility. Plans include creating a new second-floor event space, installing escalators, and widening I-X Center Drive to better accommodate traffic. This project is scheduled to be completed by the end of 2014.

- Over the past several years, the greater Cleveland area has seen a number of major projects in the health care sector, amounting to an estimated \$3 billion in health care construction since 2000. In the city of Cleveland, major projects have included the ongoing \$500+ million VA Medical Center expansion, the \$260 million University Hospitals Seidman Cancer Center, the \$41 million University Hospitals Center for Emergency Medicine at Case Medical Center, the \$504 million Cleveland Clinic Miller Family Pavilion, and the Cleveland Clinic's \$112 million Glickman Tower.
- A major project is currently underway to reconstruct the Interstate 90 Inner Belt Bridge, which spans the Cuyahoga River and feeds directly into downtown Cleveland. This \$730 million project is scheduled to be completed in 2016.

### **Governmental Forces**

Governmental considerations relate to the laws, regulations, and property taxes that affect properties in the market area and the administration and enforcement of these constraints such as zoning laws, building codes, and housing and sanitary codes. The property tax burden associated with the benefits provided and the taxes charged for similar benefits in other areas are considered. The enforcement of applicable codes, regulations, and restrictions should be equitable and effective. Governmental characteristics that should be considered in the analysis of a market area include property tax burden relative to services provided, special assessments, zoning and building codes, quality of public services, and environmental regulations. As specific sites are not yet determined, we have not considered zoning or tax issues for the proposed hotel.

### **Environmental Forces**

Environmental influences consist of any natural or man-made features that are contained in or affect the market area and its location. These include a building's type and size, topographical features such as terrain and vegetation, changes in property use and land use patterns, and the adequacy of public utilities.

**Highway Transportation:** Highway accessibility is a primary consideration in planning an area's future growth and development. Three interstate highways – Interstate 77, Interstate 71, and Interstate 90 – join in downtown Cleveland. The Ohio Turnpike (Interstate 80) runs through the southern portion of Cuyahoga County. Interstate 490 connects Interstates 90 and 71 to Interstate 77 in the downtown area. Interstate 480 runs south of Cleveland and connects the eastern and western suburban communities, bypassing the city. Interstate 271 connects communities to the east and south. Interstate 90 runs along the southern boundary of Lakewood, and the city is served by three interstate exits. Across the northern portion of the city, Clifton Boulevard provides direct access to the Cleveland Memorial Shoreway (Route 2), which feeds directly into downtown Cleveland. Detroit Avenue – Lakewood's main business corridor – also continues eastward into downtown Cleveland.

**Public Transportation:** The Greater Cleveland Regional Transit Authority (RTA) maintains both a rapid transit system and public bus service. The bus system covers Cuyahoga County and flows into Geauga, Lake, Lorain, and Medina counties. RTA's transit system includes the first of few rapid transit systems in the country that travel

directly from a downtown terminal to the airport, a 25-minute trip from Tower City Center to Hopkins International with a stop at the edge of Lakewood. In all, there are three rapid transit rail lines with a combined total of 34 miles of track in Cuyahoga County. All three lines feed into downtown Cleveland and connect to the Gateway complex via an enclosed walkway. Lakewood is served by bus lines that run east to west via Detroit and Madison Avenues, and north to south via Warren Road.

**Air Transportation:** The City of Cleveland owns and operates Cleveland Hopkins International Airport (CLE) and Cleveland Burke Lakefront Airport (BKL). The two airports together constitute the Cleveland Airport System. Cleveland Hopkins International Airport is located ten miles southwest of downtown Cleveland via Interstate 71. The airport offers an average of 233 daily nonstop flights to 77 destinations, including nonstop international service to the Bahamas, Canada, the Dominican Republic, and Mexico. Cleveland Hopkins International is a hub for United Airlines and is further served by Air Canada, American Airlines, Delta, Frontier, Southwest, and US Airways. According to the Federal Aviation Administration, Cleveland Hopkins International was the 39th busiest airport in the nation in 2011 based on total passenger volume. Burke Lakefront Airport is located five minutes from downtown Cleveland and provides commuter service to nearby cities and has facilities for private and corporate aircraft.

The following table presents historical passenger activity at Cleveland Hopkins International Airport.

<b>Airport Activities</b>		
<b>Cleveland Hopkins International Airport</b>		
<b>Year</b>	<b>Passenger Enplanements</b>	<b>%Change</b>
2011	4,401,033	-4.1%
2010	4,591,097	-2.4%
2009	4,704,329	-12.7%
2008	5,387,625	-3.3%
2007	5,571,219	—

Source: Federal Aviation Administration

**Climate:** The climate of the Cleveland area is generally warm in the summer and cold in the winter. The average daily temperature in January is 28.1 degrees Fahrenheit and the average daily temperature in July is 73.5 degrees Fahrenheit. The following table depicts typical weather conditions for the area based on data collected from the weather station at Cleveland Hopkins International Airport over a 30-year period.

<b>Average Weather Conditions for Cleveland, Ohio (1981-2010)</b>					
<b>Month</b>	<b>Low Temperature (°F)</b>	<b>High Temperature (°F)</b>	<b>Average Temperature (°F)</b>	<b>Precipitation (inches)</b>	<b>Snowfall (inches)</b>
January	21.7	34.4	28.1	2.7	18.7
February	23.6	37.5	30.5	2.3	14.9
March	30.2	46.6	38.4	2.9	12.6
April	40.4	59.1	49.8	3.5	3.3
May	50.1	69.5	59.8	3.7	0.0
June	59.8	78.6	69.2	3.4	0.0
July	64.3	82.6	73.5	3.5	0.0
August	63.1	80.8	72.0	3.5	0.0
September	56.0	73.9	65.0	3.8	0.0
October	45.4	62.3	53.8	3.1	0.2
November	36.9	50.8	43.9	3.6	4.3
December	26.4	38.3	32.4	3.1	14.1
<b>ANNUAL</b>	<b>43.3</b>	<b>59.6</b>	<b>51.4</b>	<b>39.1</b>	<b>68.1</b>

Source: The National Oceanic and Atmospheric Administration's National Weather Service

### **Banquet Center Overview**

We have profiled the existing banquet and event facilities located in and around the Lakewood market. These properties include local hotel meeting spaces, restaurants, party centers and banquet center properties. The following chart lists the existing supply of banquet/event centers in Lakewood and the surrounding markets.

<b>Banquet or Event Centers in or around Lakewood, Ohio</b>	
<b>Venue</b>	<b>Location</b>
Sweetwater Landing	Lakewood
Clifton Club	Lakewood
Nicholson House	Lakewood
Lakewood Masonic Temple	Lakewood
Sachsenheim Hall	Cleveland
Ceska Sin Sokol-Czech Sokol	Cleveland
Keller Hall	Cleveland
West Park Party Ctr	Cleveland
Brennan's Party Center	Cleveland
Knights of Columbus West Park Party Center	Cleveland
Cretan Party Center	Cleveland
Veterans of Foreign Wars Hall	Cleveland
St. Mary's Romanian Orthodox Church Banquet Hall	Cleveland
Behind the Woods	Rocky River
St. Mary Magdelane Byzantine Catholic Church Banquet Hall	Fairview Park
American Legion	Cleveland
La-Villa Conference & Banquet Center	Cleveland
Holiday Inn Airport	Cleveland
Puritas Lutheran Chr Preschool	Cleveland
FWW Post 2133	Cleveland
Marriott-Cleveland Airport Hotel	Cleveland
St. Elias Cultural Center	Cleveland
Ridge Manor Banquet Center	Cleveland
La Centre	Westlake
Source: STDB and Hotel & Leisure Advisors	

Below we have profiled the four offerings that exist in the City of Lakewood. It should be noted that additional banquet space is also offered by various restaurants in Lakewood.

**Sweetwater Landing:** Sweetwater Landing is located at the Emerald Necklace Marina in the Metroparks Rocky River Reservation. The venue includes seating for up to 100 guests and is available year-round. An outdoor patio overlooks the marina and the Rocky River. It is available for business meetings, receptions, weddings, association gatherings, and reunions. The facility offers on-premise catering with specific packages to meet guest's needs. The facility does not permit outside catering.

**The Clifton Club:** The Clifton Club is a three-story, private dining and social club that sits on a hill above the Rocky River on Lake Road. The Club, established in 1902, bills itself as the "creative choice" for business meetings, professional conferences, civic meetings, weddings, and group luncheons. They offer a main dining room with seating for 125 people, a pub with seating for 60 people, and a private executive meeting room with seating for 60 people. The club is only available for rental by members, although non-members may utilize the facility if they are first sponsored by a member. The venue does not permit outside catering.

**Nicholson House:** The Nicholson House is the oldest surviving structure in Lakewood and is on the National Register of Historic Places. Built in 1839, the home is regarded as one of the most authentic examples of New England architecture in northern Ohio. It is located on Detroit Avenue, just east of downtown Lakewood, across the street from St. Edward's High School. Nicholson House can accommodate up to 125 guests in four parlor rooms, and is an elegant setting for a small wedding, rehearsal dinner, bridal or baby shower, reception, or business or civic meeting. Modern kitchen facilities are available for a catered luncheon or dinner. The facility does not offer on-premise catering.

**Lakewood Masonic Temple:** The Lakewood Masonic Temple is located in downtown Lakewood on Detroit Avenue. The facility is suitable for meetings, banquets, weddings, receptions, parties, dances, fund raising events, performances, seminars, trade shows and will accommodate groups up to 450 persons in a single hall. The Ballroom, located on the main floor, features a 3,500 square foot hardwood dance floor that will accommodate 125 couples. The 3,600 square foot Banquet Room, located on the lower floor, can accommodate up to 270 persons for sit-down or buffet-style dining. The adjacent full commercial-style kitchen and dishwashing facilities may be used for food preparation or as a service area for an outside caterer. The facility does not offer on-premise catering.

### **Outlook**

Our review of the above data indicates a positive outlook for the subject area. Lakewood benefits from its location within the regional transportation infrastructure and its proximity to major leisure and business demand generators in downtown Cleveland. The city is also a convenient distance from Cleveland Hopkins International Airport and various lakefront attractions such as Edgewater Park, Browns Stadium, the Great Lakes Science Center, and the Rock and Roll Hall of Fame. Lakewood offers a number of employers who may need hotel rooms and is convenient to downtown Cleveland for travelers going to various events and business meetings.

### **DEMAND INTERVIEWS**

In order to gauge whether or not a new hotel was important to business owners and city residents, Hotel & Leisure Advisors conducted a survey asking for business owners and area residents opinions about the need for a new hotel in Lakewood. We received 34 survey responses from businesses and organizations and 169 from Lakewood area residents. We have analyzed the responses and have highlighted some of the main details below. The complete responses to the survey can be found in the addenda to this report.

### **Area Hotel Usage**

Organization/Business:

- 79% of respondents said they had clients or employees who stay at local hotels with 65.4% indicating that it was very likely that their employees or clients would stay at a new Lakewood hotel should one be available
- Local organizations and businesses use an average of 75.5 room nights on an annual basis with the response totaling 1,812 room nights from businesses.

- Westlake hotels were the most frequently utilized among respondents, with Airport and Cleveland hotels coming in second. Hilton branded hotels (ie: Hampton Inn and Hilton Garden Inn) and Marriott branded hotels (ie: Marriott, Courtyard by Marriott and Residence Inn) are the brands most frequented by this group.

Individuals:

- 79% of respondents said they have friends or family who currently stay at area hotels. 51% said their guests would likely stay at a new Lakewood hotel should one become available.
- Individuals use an average of 7.62 room nights on an annual basis for a total of 876 room nights from individuals interested in having a place to stay for friends and family.
- Westlake and airport hotels were the leaders among this group, with Marriott again leading the way in all markets where a Marriott branded hotel was available.

**Factors in choosing a hotel**

Organization/Business

- 96.1% of respondents said the location was very important or somewhat important in deciding where to stay.
- Price and amenities came in at 92.3% and 73%, respectively in the very important and somewhat important response categories.
- Free Wi-Fi and meeting rooms were identified as the most significant amenities guests would like to see and were very or somewhat important to this group

Individuals

- 95.5% of respondents said the location was very important or somewhat important in deciding where to stay.
- Price came in second with 89.4% saying it was very or somewhat important. 69.9% indicated amenities (restaurant, pool, etc.) were very or somewhat important when choosing a location.
- Free Wi-Fi and free breakfast were identified as the most significant amenities guests would like and were very or somewhat important to this group.

**Average Room Rate**

Organization/Business

- 53.8% of respondents indicated a willingness to pay between \$75 to \$100 per night, with 42.3% saying they would pay between \$100 to \$125.

Individuals

- 53.7% of respondents indicated a willingness to pay between \$75 to \$100 per night, with 45.5% saying they would be willing to pay between \$100 to \$125.

**Franchise Affiliation**

Organization/Business

- 72.7% of respondents said that they strongly prefer or somewhat prefer the hotel be affiliated with a national hotel chain (ie: Hilton, Marriott).
- 81.8% of respondents said that their visitors would strongly or somewhat prefer the hotel be affiliated with a national hotel chain.

Individuals

- 50.4% of residents said they would strongly or somewhat prefer the hotel be affiliated with a national hotel franchise.
- 67.6% said their visitors would strongly or somewhat prefer the hotel be affiliated with a national hotel franchise.

**Location**

Organization/Business

- 65% of respondents said that a site on Detroit Avenue in downtown Lakewood was a very appropriate location for a new hotel. The west end of Lakewood came in second at 42.1%.

Individuals

- 56.3% of respondents said that a site on Detroit Avenue in downtown Lakewood was a very appropriate location for a new hotel.

**Meeting Space**

Note that only the organizations/businesses were asked about hotel meeting space. These questions did not appear on the individual surveys.

Organization/Business

- 73.1% of respondents said they hold meetings or other group events.
- The average number of meetings ranged from once to more than twelve per year, with 68.2% responding that they have between 2 to 6 meeting or events per year.
- Attendance ranges from less than ten to more than 200, with 11-25 being the most typical range with 45.5%.

In all, these survey responses gauged that there is demand for a new hotel space in the city of Lakewood. While differences were noted in the preferred location, location was also the number one factor in determining whether or not the respondent would use the hotel. Given that most respondents use hotel space outside of Lakewood, a closer option, no matter where in Lakewood, is likely to generate demand from organizations, businesses and residents of Lakewood. The survey indicated that there is demand for smaller meeting space from those responding employers versus a larger conference center.

## **SITE ANALYSIS**

We have considered potential locations for a new hotel in the city of Lakewood, Ohio. We recommend four specific areas for a developer to consider construction of a new hotel within the city of Lakewood boundaries. Each of these four areas has advantages and disadvantages which should be considered by a potential developer in their analysis of whether to construct a new hotel within Lakewood. The four areas include the following:

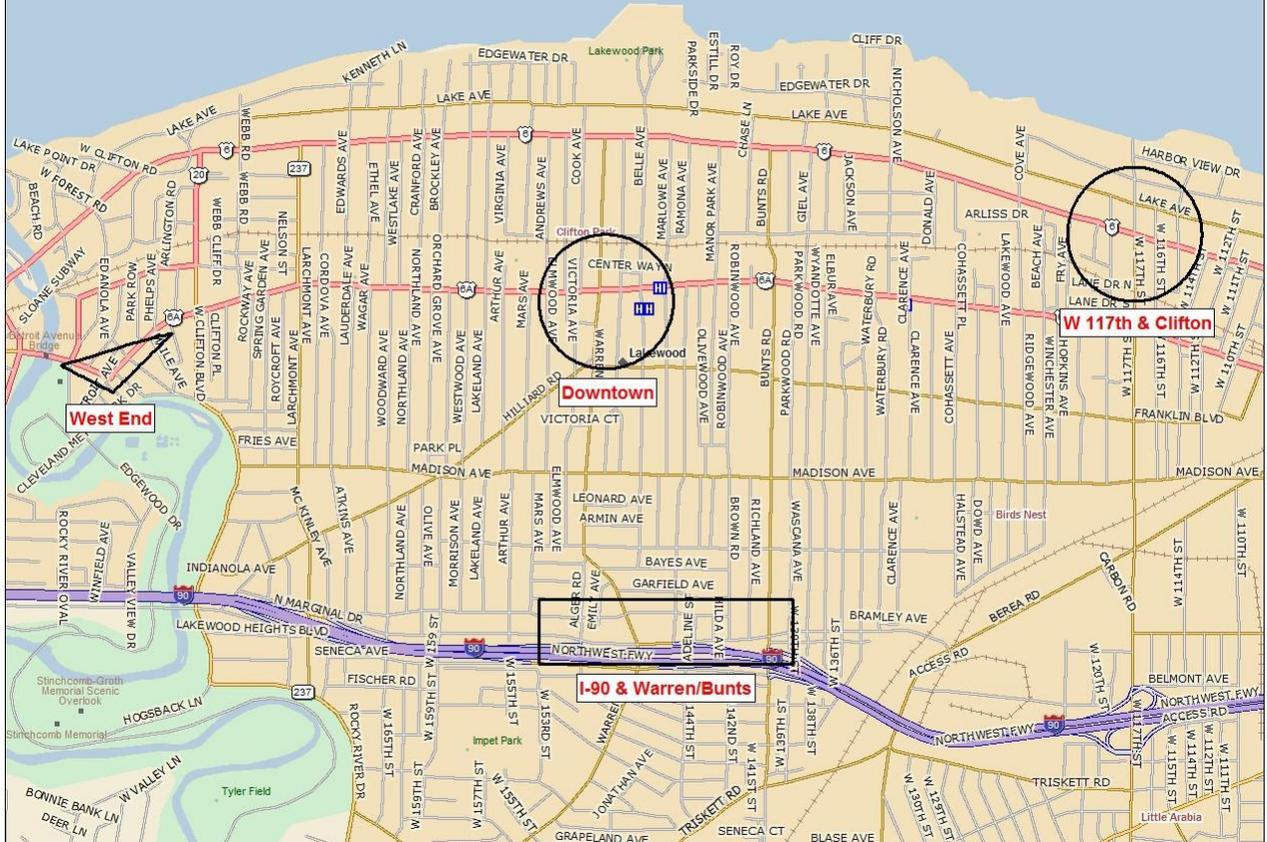
1. Downtown Lakewood
2. West End of Lakewood
3. Interstate 90 and Warren Road or Bunts Road interchange
4. East End of Lakewood (W and Clifton)

We have described each of these four locations and profiled various competitive advantages and disadvantages for each location. Each location offers unique attributes which could be considered when deciding if or where a new hotel should be constructed. A major consideration in any proposed hotel development is the cost and availability of a site for the proposed hotel. The following map shows the location of the four potential sections of Lakewood for the proposed hotel.



DeLorme Street Atlas USA® 2013

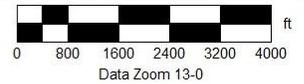
**Potential Sites for Proposed Lakewood Hotel**



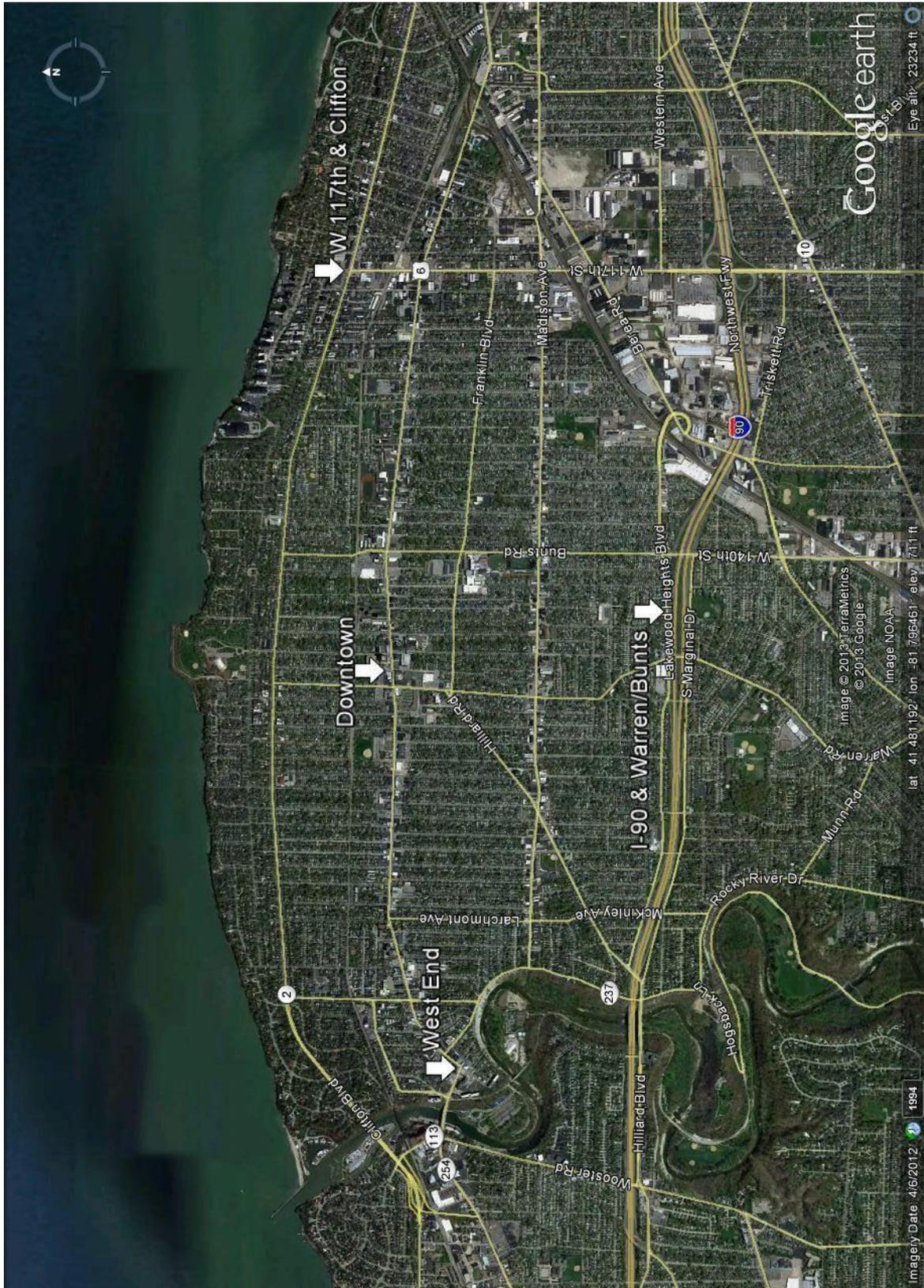
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The next map, generated by Google Earth, is an aerial image showing the four potential locations.



### **Downtown Lakewood**

Downtown Lakewood is the central business district of Lakewood. Its main road is Detroit Avenue, which is home to many office buildings, storefronts, restaurants, and other retail establishments. It is a highly walkable location, making the need for a vehicle less necessary than in other parts of the city. We recommend the site be located within the boundaries of the Lakewood Alive Main Street program between Arthur and Bunts on Detroit Avenue or on Warren Avenue near Detroit Avenue.

### **Advantages**

- The site in downtown Lakewood is located in the city's central business district within walking distance to a number of larger employers including First Federal of Lakewood, Lakewood Hospital, New York Life, Newry Corp. and Kaiser Permanente.
- The site is located within walking distance to dozens of restaurants and shops.
- Lakewood Alive and other organizations host many family events in the city that all concentrate in the downtown area such as the Arts Festival, Chocolate Walk, and Spooky Pooch Parade. These events have the potential to draw leisure demand.
- Property would be fairly easily accessible from Interstate 90.
- The downtown Lakewood area was ranked the number one location for a proposed hotel by the survey we conducted of businesses and residents of Lakewood.

### **Disadvantages**

- There is less free parking in downtown Lakewood and guests at the proposed hotel are more likely to have to pay for parking.
- A proposed hotel would not be located on or near a freeway entrance. It would have no visibility from Interstate 90 as it would be located approximately 1.2 miles from the Warren Road Interstate 90 interchange. Property would need extensive signage.

### **West End of Lakewood**

This area is located on the west side of Lakewood and borders the city of Rocky River to the west. We recommend a site along Detroit Avenue between the Rocky River Bridge and West Clifton Boulevard or along Sloane Road near Detroit Avenue with a view of the Rocky River. The area is highly residential but has many businesses, storefronts, and restaurants on Detroit Avenue. A location in the west end of Lakewood would allow the proposed hotel to target demand from various businesses in Rocky River and Lakewood as well as offer leisure travelers easy access to the Metroparks Rocky River Reservation.

### **Advantages**

- Will be the closest hotel to businesses in downtown Rocky River and is likely to capture demand from both Lakewood and Rocky River markets.
- The west end has several restaurants, bars, and shops that are within walking distance.
- The west end has easy access to the Rocky River Reservation of the Cleveland Metroparks which includes a Marina, kayak and boat rentals, bike trails, and numerous other recreational amenities. Guests in town for leisure would consider this an amenity.
- The hotel would likely be popular for leisure travelers visiting family or friends in the greater Lakewood area.
- The west end of Lakewood area was ranked the number two location for a proposed hotel by the survey we conducted of businesses and residents of Lakewood.

### **Disadvantages**

- The site is not located on Interstate 90 and travelers exiting on McKinley Avenue would have to travel on a residential street to get to Detroit Avenue to the west end neighborhood. The site would have no visibility from any interstate highway. The property would need extensive signage.
- The site is the farthest site from downtown Cleveland, which generates the greatest amount of demand for the existing hotels in Lakewood. It is also farther from some of the larger employers of Lakewood such as Lakewood Hospital or New York Life.

### **Site near Interstate 90 and Warren Road or Bunts Road Interchanges**

We recommend a developer consider a site off Interstate 90 at either the Warren Road or Bunts Road interchanges. A preferable location would have potential visibility from Interstate 90 and easy access on and off the interstate. Currently the sites located at both interchanges have alternative buildings located on them which would have to be razed. The area off of I-90 is mostly surrounded by residential housing. There are several businesses, which include a car rental agency and the Serpentine Winterhurst Arena ice skating rink directly off the Warren Road.

### **Advantages**

- Near a major Interstate 90 freeway entrance that connects downtown Cleveland to Lakewood, other west side suburbs, and various states.
- Hotel could have visibility from travelers on the freeway, making it a prime spot for visitors passing through the market and for business travelers who have business in Cleveland, Lakewood, or other west side suburbs.

- The site would need to be large enough to offer complimentary parking as well as an adjacent restaurant which is typical of a suburban interstate highway hotel property.
- The site would be the closest hotel to the Serpentine Winterhurst Arena ice skating rink, which hosts a number of hockey tournaments and ice skating events on a year-round basis which attract overnight demand.

### **Disadvantages**

- The site is not located within walking distance to any existing shopping or restaurants. Guests would need to drive to destinations.
- Site acquisition could be more difficult as there are only a few sites within the city of Lakewood boundaries that offer potential visibility and easy access on to I-90.
- The Interstate 90 site received a lower ranking in the demand survey for a potential location from both businesses and residents.

### **East End of Lakewood**

This area is located on the east end of Lakewood and borders the city of Cleveland to east. We envision a developer considering a site near West Street between Detroit Avenue and Lake Road. This neighborhood is near the existing two economy hotels of Lakewood, the Days Inn and the Travelodge. The area would be closest to downtown Cleveland, which would generate the greatest amount of demand for a potential hotel in Lakewood.

### **Advantages**

- Likely to capture overflow from the downtown Cleveland market as the site would be located closest to downtown Cleveland of the four locations.
- Access to freeway is easy via W entrance to Interstate 90 and proximity to the Shoreway (Route 2) into Downtown Cleveland.
- The east end is served by several bus lines and is in close proximity to the Rapid Transit station that takes travelers directly into downtown Cleveland.
- There are numerous commercial establishments along West Street including grocery stores, big box stores, fast food restaurants, etc.
- The site would be located closest to the Gold Coast apartment and condominium buildings which have thousands of residents who may have visitors interested in a proposed hotel.

**Disadvantages**

- The site is farther from the larger employers of Lakewood such as Lakewood Hospital and New York Life.
- The east end received the lowest ranking in the demand survey for a potential location from both businesses and residents.

**DESCRIPTION OF RECOMMENDED IMPROVEMENTS**

**General:** We have analyzed the results of the demand survey and our interviews with competitive hotels located around the city of Lakewood. The following chart indicates the type of development which we recommend be considered for construction in the city of Lakewood.

<b>Proposed Hotel - Lakewood Recommended Facility</b>	
<b>Number of Units</b>	<b>Between 60 and 100</b>
<b>Franchise Recommendations</b> Hampton Inn by Hilton Holiday Inn Express Fairfield Inn and Suites or Springhill Suites by Marriott	
<b>Meeting Rooms</b>	<b>Square Feet</b>
Meeting space	500 to 1,500
<b>Food and Beverage Outlets</b> Complimentary breakfast	
<b>Amenities</b> Indoor Pool Whirlpool Fitness Room Complimentary High Speed Internet On-site parking Business Center	

The following indicates our recommendations for the proposed hotel property. We are available to provide more detailed recommendations once a specific site is identified.

- We recommend a developer construct a hotel with between 60 and 100 rooms at one of the four areas of the city of Lakewood. We do not recommend a smaller hotel as properties under 60 rooms struggle to achieve profitability. We do not recommend a larger hotel as the city of Lakewood does not have enough major demand generators to justify a larger room count.

- Our facilities recommendation is for a midscale or upscale branded limited-service hotel based upon the classification system by Smith Travel Research shown in the chart on page C-5 of this report. The hotel should offer a complimentary breakfast to guests. We recommend a branded franchise property affiliated with a national brand such as Marriott, Hilton, or Intercontinental Hotels Group. Although the subject could also be an independent boutique style hotel, by affiliating with a national brand it will attract a higher level of demand as many business travelers like to stay in branded properties for which they collect points from frequent stay programs. Additionally, Lakewood lacks one or two strong demand generators for hotels and an independent boutique hotel will have less overflow from other properties in neighboring communities than a branded hotel, which can share demand with other like branded properties.
- We do not recommend the subject include a restaurant and lounge as Lakewood offers numerous existing restaurant and lounge options and the subject property may be within walking distance to a number of existing facilities. Most smaller hotels operate as limited-service properties in order to achieve a higher level of profitability and frequently the food and beverage function is less profitable.
- We recommend the proposed facility include an indoor pool, whirlpool, and fitness room for guests to utilize. These types of amenities are brand standards for the recommended franchises, but should also be included if the property were an independent hotel.
- We recommend the subject hotel include one or two smaller meeting rooms which could host up to 75 people for a meeting. We do not recommend a larger banquet and conference center as our demand survey indicates demand primarily for smaller meetings. There already is extensive competition for banquet and meeting rooms within the broader area.
- We recommend the subject hotel offer on-site parking. Depending upon the location, this may be for a fee or it may be free. Although a charge for parking will put the subject at a competitive disadvantage to other suburban hotels, it would be similar to downtown Cleveland hotels.
- We recommend the subject offer complimentary high-speed Internet access and a small business center.

### **Development Costs**

According to the latest available Hotel Development Cost Survey by HVS International, a midscale hotel without food and beverage averages \$100,900 per available room with a median cost of \$84,600 per available room. The wide range of costs depends upon the quality of property and the extent of the amenities. The range of costs is also impacted by union requirements for construction work, the extent of financing costs included in development budget, and the amount of entrepreneurial profit included in the development budget. The following table outlines the range of costs for different property types.

<b>2010/2011 Hotel Development Cost Survey Per-Room Averages</b>						
	<u>Land</u>	<u>Building and Site Improvements</u>	<u>Soft Costs</u>	<u>FF&amp;E</u>	<u>Pre-Opening and Working Capital</u>	<u>Total</u>
<b>Budget/Economy Hotels</b>						
Average	\$11,100	\$52,300	\$4,400	\$8,300	\$3,000	\$67,200
Median	\$10,600	\$47,600	\$2,200	\$8,300	\$2,900	\$54,300
Allocation	14%	66%	10%	11%	3%	
<b>Midscale Hotels w/o F&amp;B</b>						
Average	\$22,200	\$73,500	\$11,100	\$9,800	\$4,100	\$100,900
Median	\$11,600	\$65,000	\$8,100	\$9,500	\$2,800	\$84,600
Allocation	14%	67%	10%	10%	5%	
<b>Extended-Stay Hotels</b>						
Average	\$12,200	\$81,400	\$11,300	\$13,000	\$3,300	\$135,500
Median	\$10,900	\$71,400	\$9,900	\$13,400	\$2,400	\$108,700
Allocation	12%	67%	9%	12%	4%	
<b>Midscale Hotels w/ F&amp;B</b>						
Average	\$13,900	\$79,100	\$13,200	\$12,400	\$3,800	\$120,800
Median	\$10,200	\$65,200	\$10,400	\$11,600	\$3,000	\$103,600
Allocation	13%	65%	11%	12%	3%	
<b>Full-Service Hotels</b>						
Average	\$15,500	\$125,400	\$22,200	\$22,700	\$6,900	\$212,300
Median	\$12,100	\$113,800	\$14,000	\$18,600	\$5,700	\$159,300
Allocation	12%	64%	12%	12%	4%	
<b>Luxury Hotels and Resorts</b>						
Average	\$79,800	\$356,100	\$133,800	\$55,100	\$20,800	\$610,500
Median	\$81,500	\$308,800	\$88,600	\$58,900	\$18,700	\$549,000
Allocation	17%	59%	14%	10%	4%	
Source: HVS International						

The development costs for the subject property will depend upon its location, type of property, size and height. A proposed hotel in the city of Lakewood may require municipal incentives in the form of a real estate tax abatement or assistance in acquiring land for the project to be feasible.

**NATIONAL LODGING MARKET OVERVIEW**

We have analyzed information concerning the national lodging market, including profiling statistics for various markets. Our national analysis focused upon occupancy and average daily rate (ADR) statistics for various regions, new supply additions, projections concerning future performance of hotels, consumer sentiment for hotels, sales statistics concerning hotel properties, and operating performance statistics for hotels.

**Occupancy and Average Daily Rate Performance**

We have analyzed the statistical performance of hotels for the past four years in the various regions of the United States. The following table indicates our analysis.

U.S. Hotel Performance by Regions												
	Occupancy				ADR				RevPAR			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
<b>New England</b>	59.2%	54.1%	58.4%	61.4%	\$122.12	\$114.65	\$116.21	\$119.97	\$72.29	\$62.00	\$67.81	\$73.65
<b>Middle Atlantic</b>	64.7%	59.6%	63.3%	65.6%	\$152.74	\$134.32	\$138.78	\$144.85	\$98.86	\$80.10	\$87.88	\$94.96
<b>South Atlantic</b>	58.6%	53.9%	57.1%	59.5%	\$106.12	\$98.65	\$97.40	\$100.02	\$62.20	\$53.18	\$55.65	\$59.56
<b>East North Central</b>	55.5%	50.2%	53.9%	56.6%	\$91.92	\$85.50	\$85.27	\$87.96	\$50.97	\$42.92	\$45.95	\$49.81
<b>East South Central</b>	55.8%	51.2%	54.1%	55.7%	\$78.04	\$75.23	\$75.30	\$77.35	\$43.56	\$38.56	\$40.74	\$43.07
<b>West North Central</b>	57.6%	52.8%	55.0%	56.4%	\$79.17	\$77.15	\$77.92	\$80.87	\$45.58	\$40.72	\$42.84	\$45.61
<b>West South Central</b>	62.3%	53.4%	55.1%	58.2%	\$87.86	\$83.74	\$82.50	\$84.81	\$54.69	\$44.71	\$45.48	\$49.34
<b>Mountain</b>	61.2%	54.0%	56.6%	59.4%	\$104.72	\$91.95	\$89.56	\$92.49	\$64.06	\$49.69	\$50.68	\$54.96
<b>Pacific</b>	65.3%	59.3%	62.8%	65.7%	\$125.62	\$112.77	\$112.90	\$119.10	\$82.06	\$66.86	\$70.93	\$78.21
<b>Total U.S.</b>	60.3%	54.5%	57.5%	60.1%	\$106.96	\$98.17	\$98.06	\$101.64	\$64.49	\$53.50	\$56.43	\$61.06

Source: Smith Travel Research

The table indicates the performance of the United States hotel industry, utilizing statistics from Smith Travel Research. As of year-end 2011, Smith Travel Research tracked a total census of 50,840 hotel properties with 4,806,101 available rooms. The sampling included in the figures shown above included 72% of the available rooms or 3,455,439 available rooms in 2011.

The figures indicate that in 2011, the Pacific and Middle Atlantic regions achieved the highest occupancy level, while the East South Central region achieved the lowest. The Middle Atlantic region achieved the highest ADR, while the East South Central region achieved the lowest. All regions showed an increase in occupancy levels and ADR between 2010 and 2011. RevPAR also rose in each region, indicating overall improvement in 2011 over the previous year.

PKF Hospitality Research in their December 2012 edition of Hotel Horizons is forecasting the healthy upward trend that began in 2Q10 will continue with ongoing gains in all the major business measurements. PKF is forecasting a perpetuation of this growth through 2016, expecting RevPAR for US hotels to grow at a compound annual average rate of 7.2% for the next four years. This is more than double the historical long run average. PKF said that due to the federal budget negotiations, there is so much uncertainty surrounding 2013 that no hoteliers are showing the optimism that should exist. Without falling off the fiscal cliff, they believe RevPAR in 2013 will increase by 6% but if budget negotiations fail, they project RevPAR growth will be well below that. Under most every economic scenario, 2014 is shaping up to be a year of strong gains in both occupancy and ADR and without any meaningful new supply additions in sight; they see record profitability beyond 2014.

Hotel & Leisure Advisors has also analyzed occupancy, ADR, and RevPAR by segment for the United States. The following chart gives detailed national segmentation statistics from Smith Travel Research.

<b>United States Hotel Performance by Segment 2nd Quarter 2012</b>				
	<b>Transient</b>	<b>Group</b>	<b>Contract</b>	<b>Total</b>
<b>Occupancy Points</b>	42.2	25.1	2.5	69.8
<b>% of Total</b>	60.5%	36.0%	3.6%	100.0%
<b>ADR</b>	\$168.47	\$152.26	\$75.30	\$159.26
<b>RevPAR</b>	\$71.09	\$38.15	\$1.91	\$111.15
<b>% of Total</b>	64.0%	34.3%	1.7%	100.0%
Source: Smith Travel Research				

The highest occupancy for the United States was in the transient segment, which is defined by STR as “rooms occupied by those with reservations at rack, corporate, corporate negotiated, package, government, or foreign travel rates.” Transient travelers make up 60.5% of all travelers, followed by the group segment and contract segment. Transient business also commanded the highest ADR, at \$168.47, for the United States.

PricewaterhouseCoopers (PwC) provided its forecasts for the U.S. lodging industry in November 2012. The forecast anticipates slower RevPAR growth in 2012 and 2013, compared with their previous outlook, but there is enough forward momentum to maintain a positive outlook on the sustainable pace of the lodging recovery. PwC projected U.S. RevPAR to increase 6.6% in 2012 and 5.4% in 2013. In 2012 they expect ADR to rise 4.1% and occupancy to grow to 61.4%. That will be the highest level since 2007. PwC said lodging demand will rise 2.9% in 2012 while supply growth will only be up 0.5%. In 2013, PwC projects 61.9% occupancy and 4.4% ADR growth.

We have also shown projections for national occupancy and ADR from Smith Travel Research. The following table indicates its projections.

<b>Overall U.S. Lodging Forecast</b>						
	<b>Occupancy</b>	<b>% Change Occ.</b>	<b>ADR</b>	<b>% Change ADR</b>	<b>RevPAR</b>	<b>% Change RevPAR</b>
<b>2007</b>	62.8%	-	\$104.30	-	\$65.50	-
<b>2008</b>	59.8%	-4.8%	\$107.38	3.0%	\$64.21	-2.0%
<b>2009</b>	54.6%	-8.7%	\$98.06	-8.7%	\$53.54	-16.6%
<b>2010</b>	57.5%	5.3%	\$98.05	0.0%	\$56.38	5.3%
<b>2011</b>	60.0%	4.3%	\$101.71	3.7%	\$61.03	8.2%
<b>2012</b>	61.0%	1.6%	\$105.65	3.9%	\$64.43	5.6%
Source: Smith Travel Research (7/12)						

The table indicates that STR projected overall occupancy levels to grow slightly between 2011 and 2012 as demand growth exceeds supply growth and the economy slowly recovers from the recession. For 2012, they project supply to be up at a smaller rate than demand (0.5% and 2.0% respectively), fostering the rise in occupancy. They anticipated growth in RevPAR and an above inflationary increase in ADR in 2012 as the economy moves out of the recession.

Hotel & Leisure Advisors' analysis indicates that in 2012, the U.S. hotel market achieved improved occupancy and average daily rate levels in most cities. Performance statistics between 2010 and 2012 showed steady improvement in occupancy levels after the substantial nationwide drop-off in 2009. Average daily rates also improved nationwide, especially in the last two years, after a similar plunge in 2009 and a lesser one in 2010. We project continued improvement in 2013 throughout the United States with higher percentage gains for upscale and luxury properties. Lack of new construction financing will limit new hotel openings in 2013 with larger resort properties affected particularly. Smaller chain-affiliated properties will continue to open in 2013, though at a lower rate than before 2009.

**New Supply of Lodging Rooms**

The following is a chart detailing the pipeline metrics for Lodging Econometrics for YTD July 2012.

<b>Lodging Econometrics Pipeline Metrics (YTD July 2012)</b>								
Location	Under Construction		Starts Next 12		Early Planning		Total Pipeline	
	Projected	Rooms	Projected	Rooms	Projected	Rooms	Projected	Rooms
CBD	97	17,368	115	17,800	192	33,550	<b>404</b>	<b>68,718</b>
Resort	32	8,278	32	6,583	87	19,155	<b>151</b>	<b>34,016</b>
Suburban	148	16,462	339	36,454	552	66,142	<b>1,039</b>	<b>119,058</b>
Airport	20	2,995	28	3,587	65	8,477	<b>113</b>	<b>15,059</b>
Highway	<u>209</u>	<u>18,849</u>	<u>350</u>	<u>32,374</u>	<u>454</u>	<u>43,055</u>	<b>1,013</b>	<b>94,278</b>
<b>Total</b>	<b>506</b>	<b>63,952</b>	<b>864</b>	<b>96,798</b>	<b>1,350</b>	<b>170,379</b>	<b>2,720</b>	<b>331,129</b>

Source: Lodging Econometrics (7/12)

Lodging Econometrics (LE) forecast from July 2012 for the hotel pipeline status projects 506 hotels and 63,952 rooms are under construction. Additionally, LE projects the total pipeline for YTD July 2012 is 2,720 hotels with a total of 331,129 rooms.

Smith Travel Research indicated the U.S. hotel industry opened 373 new properties in 2011 with 38,409 rooms, resulting in a small 0.5% increase in existing room supply. The upper midscale segment opened the most rooms in 2011 with 172 projects with 15,579 rooms. The number of rooms opened was nearly 50% below the 75,747 rooms that were projected in December 2010 to open in 2011. Openings in 2011 were down 36.6% from the 2010 level. STR/McGraw Hill Construction Dodge Pipeline Report said the July 2012 US hotel development pipeline comprises 2,745 projects totaling 300,954 rooms, a 6.9% decrease in the number of rooms in the total active pipeline compared to July 2011. The total active pipeline data includes projects in the In Construction, Final Planning and Planning stages. Rooms in the In Construction phase rose to 61,490 from 54,608 last year. STR said upscale and upper midscale segments led all other segments with a 33.3% and 12% increase in rooms under construction, respectively. They are seeing very little change in the total active pipeline, down 6.9% year over year and up 1.6% from June 2012.

### **Information Concerning Travel**

American Express Business Travel released its 2011 fourth quarter *Business Travel Monitor North America*. It predicted 2012 North America corporate travel prices generally would increase by low- to mid-single-digit percentages, but forecast an overall slight decline in demand for U.S. air travel next year amid sluggish economic performance. North American airfares will rise between 0.5% and 7% year over year, with short-haul business-class fares at the upper end of the forecast range and long-haul economy-class fares at the lower end. The travel management company projected North American hotel rates would increase between 1.5% and 6.5%, with economy and moderate tier properties coming in slightly higher in the forecast range than upscale- and luxury-tier properties.

The U.S. Department of Commerce announced in March 2012 that 62.3 million international visitors traveled to the United States in 2011, a 9.6% increase over 2010. In 2011, the top inbound markets continued to be Canada and Mexico. While Mexico remained at the same visitor volume, Canada increased 5%. China and Brazil also showed increased arrivals, 36% and 26% respectively, while Australia and France increased by 15% and 12% respectively. Growth in the travel and tourism industry is projected to increase 4% to 5% annually over the next five years; 65.4 million foreign visitors are projected to visit the U.S. in 2012 alone. Individual country performances over the next five years are expected to be led by China (198%), Brazil (70%), Argentina (46%), Australia (45%), Korea (35%), and Venezuela (35%). The forecast also includes the potential effect, beginning in 2014, of the international marketing efforts of the new Corporation for Travel Promotion to promote the U.S. as a premier destination to international travelers.

### **Hotel Chain Scales**

Approximately 75% of all lodging facilities in the United States are affiliated with some type of hotel brand, which looks to provide a level of recognition for the traveling public. In the past decade, many of the popular hotel chain companies such as Marriott and Starwood have created new brands that target different segments of the market. Some of these brands have been created to target the hip and trendy, while others have been created to target the business clientele. The following table highlights the various hotel chains as categorized by STR.

Smith Travel Research 2012 Chain Scales						
Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	
Affina	Autograph Collection	Adam's Mark	3 Palms	America's Best Suites	1st Interstate Inn	
AKA	AVIA	aloft Hotel	Ayres	AmericInn	Affordable Suites	
Andaz	Camino Real	Ascend	Best Western Plus	Baymont Inn & Suites	America's Best Inn	
Colony	Club Quarters	Aston Hotel	Chase Suites	Best Western	Americas Best Value Inn	
Conrad	Dolce	Best Western Premier	Clarion	Cabot Lodge	Budget Host	
Doyle Collection	Doral	Cambria Suites	Comfort Inn	Candlewood Suites	Budget Suites of America	
Edition	Dream	Canad Inn	Comfort Suites	ClubHouse	Budgetel	
Fairmont	Embassy Suites	Club Med	Country Inn & Suites	Crossings by GrandStay	Country Hearth Inn	
Firmdale	Gaylord	Coast Hotel	Doubletree Club	Crystal Inn	Crestwood Suites	
Four Seasons	Hard Rock	Courtyard	Drury Inn	GrandStay Residential Suites	Crossland Suites	
Grand Hyatt	Hilton	Crowne Plaza	Drury Inn & Suites	Hawthorn Suites by Wyndham	Days Inn	
Helmsley Hotel	Hyatt	Disney	Drury Lodge	Heartland Inn	Downtowner Inn	
InterContinental	Joie De Vivre	DoubleTree	Drury Plaza Hotel	Howard Johnson	Econo Lodge	
Jumeirah	Kimpton	element	Drury Suites	InnSuites Hotel	Extended Stay America	
JW Marriott	Le Meridien	Fitzpatrick Hotel	Fairfield Inn	Lakeview	Extended Stay Deluxe	
Langham	Marriott	Four Points	Golden Tulip	La Quinta Inn & Suites	E-Z 8	
Loews	Marriott Conference Center	Grand America	Hampton Inn	MainStay Suites	Family Inn	
Luxury Collection	Marriott Executive Apartments	Great Wolf Lodge	Hampton Inn & Suites	Oak Tree Inn	Good Nite Inn	
Mandarin Oriental	Millennium	Hilton Garden Inn	Holiday Inn	Quality Inn	Great Western	
Mokara	New Otani	Homewood Suites	Holiday Inn Express	Ramada	GuestHouse Inn	
Montage	Nikko	Hotel Indigo	Holiday Inn Select	Red Lion	HomeGate	
Park Hyatt	Omni	Hotel Sierra	Home2 Suites by Hilton	Rode Inn	Homestead	
Ritz-Carlton	Pan Pacific	Hyatt House	Isle of Capri	Settle Inn	Home-Towne Suites	
RockResorts	Radisson Blu	Hyatt Place	Key West Inns & Suites	Shilo Inn	Howard Johnson Express	
Rosewood	Red Carnation	Jolly	Larkspur Landing	Signature Inn	Inns of America	
Sofitel	Renaissance	Larkspur	Lexington	Sleep Inn	InTown Suites	
St Regis	Sheraton Hotel	Legacy Vacation Club	Night	Vagabond Inn	Jameson Inn	
Taj	St. Giles	Melia	OHANA	Vista	Key West Inn	
The Peninsula	Starhotels	Miyako	Park Inn	Wingate by Wyndham	Knights Inn	
The Prince	Swissotel	Novotel	Phoenix Inn		Lees Inn Of America	
The Tides	Westin	NYLO Hotel	Ramada Plaza		Master Hosts Inns	
Trump International Collection	Wyndham	O'Callaghan	Scanticon		Masters Inn	
Viceroy		Outrigger	Silver Cloud		Microtel Inn	
W Hotel		Park Plaza	Sunspreet Resorts		Motel 6	
Waldorf=Astoria		Prince Hotel	Tryp by Wyndham		National 9	
		Radisson	TownePlace Suites		Passport Inn	
		Residence Inn	Westmark		Pear Tree Inn	
		Room Mate	Wyndham Garden Hotel		Red Carpet Inn	
		Sonesta Hotel	Xanterra		Red Roof Inn	
		Springhill Suites			Wellesley Inn	
		Staybridge Suites			Yotel	

Source: Smith Travel Research

J.D. Power and Associates 2012 *North American Hotel Guest Satisfaction Index Study* indicated hotel guest satisfaction with costs and fees has improved despite higher room rates, while satisfaction with check-in/check-out, food and beverage, hotel services, and hotel facilities are at new lows since 2006. The following hotel brands rank highest in guest satisfaction within their respective segments:

- Luxury: The Ritz-Carlton (for a third consecutive year)
- Upper Upscale: Omni Hotels & Resorts
- Upscale: Hilton Garden Inn and SpringHill Suites (in a tie)
- Mid-Scale Full Service: Holiday Inn (for a second consecutive year)
- Mid-Scale Limited Service: Drury Inn & Suites (for a seventh consecutive year)
- Economy/Budget: Jameson Inn
- Extended Stay: Homewood Suites (for a third consecutive year)

### Hotel Sales Overview

We have reviewed statistics concerning the sales of hotels and projections for future sales trends profiling information from the Pennsylvania State University Index of Hotel Values.

<b>Penn State Index of Hotel Values</b>		
<b>Overall</b>	<b>Value Per Room</b>	<b>Annual % of Change</b>
<b>2009</b>	\$76,457	-18.4%
<b>2010</b>	\$78,326	2.4%
<b>2011</b>	\$87,952	12.3%
<b>2012</b>	\$98,812	12.3%
<b>2013 (Forecast)</b>	\$108,049	9.3%
<b>Luxury</b>		
<b>2009</b>	\$253,083	-21.9%
<b>2010</b>	\$263,762	4.2%
<b>2011</b>	\$289,380	9.7%
<b>2012</b>	\$329,377	13.8%
<b>2013 (Forecast)</b>	\$360,449	9.4%
<b>Upper Upscale</b>		
<b>2009</b>	\$134,460	-18.5%
<b>2010</b>	\$136,893	1.8%
<b>2011</b>	\$151,163	10.4%
<b>2012</b>	\$168,570	11.5%
<b>2013 (Forecast)</b>	\$184,526	9.5%
<b>Upscale</b>		
<b>2009</b>	\$92,028	-19.2%
<b>2010</b>	\$92,721	0.8%
<b>2011</b>	\$106,429	14.8%
<b>2012</b>	\$118,687	11.5%
<b>2013 (Forecast)</b>	\$130,039	9.6%
<b>Upper Midscale</b>		
<b>2009</b>	\$70,146	-15.1%
<b>2010</b>	\$71,162	1.4%
<b>2011</b>	\$79,950	12.3%
<b>2012</b>	\$88,078	10.2%
<b>2013 (Forecast)</b>	\$95,980	9.0%
<b>Midscale</b>		
<b>2009</b>	\$46,425	-18.3%
<b>2010</b>	\$45,966	-1.0%
<b>2011</b>	\$48,991	6.6%
<b>2012</b>	\$53,254	8.7%
<b>2013 (Forecast)</b>	\$56,937	6.9%
<b>Economy</b>		
<b>2009</b>	\$17,793	-30.5%
<b>2010</b>	\$17,137	-3.7%
<b>2011</b>	\$20,195	17.8%
<b>2012</b>	\$24,132	19.5%
<b>2013 (Forecast)</b>	\$26,828	11.2%
Source: The Pennsylvania State University (10/12)		

The table lists the average hotel sales prices historically from 2009 through 2012 and forecasts for 2013. The survey indicates that the average U.S. hotel value declined by -18.4% in 2009, but rose by 2.4% in 2010 and further rebounded with an increase of 12.3% in 2011 and 12.3% in 2012. They have forecasted an increase of 9.3% in 2013.

Jones Lang LaSalle Hotels *2012 Hotel Investment Outlook* indicated hotel real estate investment transaction activity swelled to a four-year high in 2011, with annual volumes in the Americas reaching \$15.2 billion as investors unleashed pent-up demand for hotel assets. This marks a 24% increase on 2010 hotel investment volumes. Due to high interest and competitive bidding driven in the first half of 2011 by real estate investment trusts' (REITs) appetite for high-quality urban assets and by private and institutional equity seeking value buys during the second half of the year, the level of single-asset trades increased to approximately \$10.6 billion in 2011. Amid still-struggling debt markets, this shows just how bright of a year it was for transaction activity. Thus, while global events, including the European sovereign debt issues, will likely continue to create uncertainty in early 2012, two driving forces behind the market for hotel acquisitions – healthy and growing operating fundamentals and an abundance of equity capital – will support a buoyant market for hotel transactions. Deal volume for the year is expected to reach \$15 billion, holding steady on 2011 levels. This figure refers to asset sales and does not include note and loan sales, deed-in-lieu transfers, and the like. The lack of construction financing, and the fact that most assets can be acquired at below replacement cost, is likely to further delay new construction. The U.S. lodging industry is in the early stages of a five to six-year run (at least) where annual supply growth will be one or more percentage points below the long term average and demand growth will outstrip supply growth.

According to the January 2012 *Hotel Transaction Activity Slows, Cap Rates Rise* report by the HVS San Francisco office, total transactions of sales \$10 million and over jumped 40% in 2011, following an 80% gain in 2010 over activity in 2009. The average price-per-key increased by 16% from \$185,000 to \$214,000. The number of sales had come to a virtual standstill in 2009 as hotel revenues and net incomes plummeted in the aftermath of the fall 2008 US debt crisis. Hotel transactions resumed in the second quarter of 2010 due to the perception of reduced risk in the lodging sector. Sales activity steadily increased throughout the remainder of 2010 and the first two quarters of 2011, before the US debt downgrade and European financial crisis caused transactions to stall in third quarter of 2011.

Major full-service assets in the top ten U.S markets dominated the 193 sales over \$10 million, and strongly cash flowing, quality select-service/extended-stay products throughout the U.S. The number of hotels selling for over \$300,000 per room almost doubled, from 22 in 2010 to 40 in 2011. These sales, which comprised 20% of transactions for 2011, reflect the strength of asset values in the major metropolitan markets. Sales of full-service hotels in suburban, secondary, and tertiary markets were limited due to greater risk of NOI recovery and an inability to justify investment in brand product improvement requirements. Resort hotel sales were sparse, given the uncertainty of the future performance of these assets due to the slow recovery of group demand and volatile economic conditions that could impact discretionary leisure travel.

### **Financial Statistics Concerning Hotels**

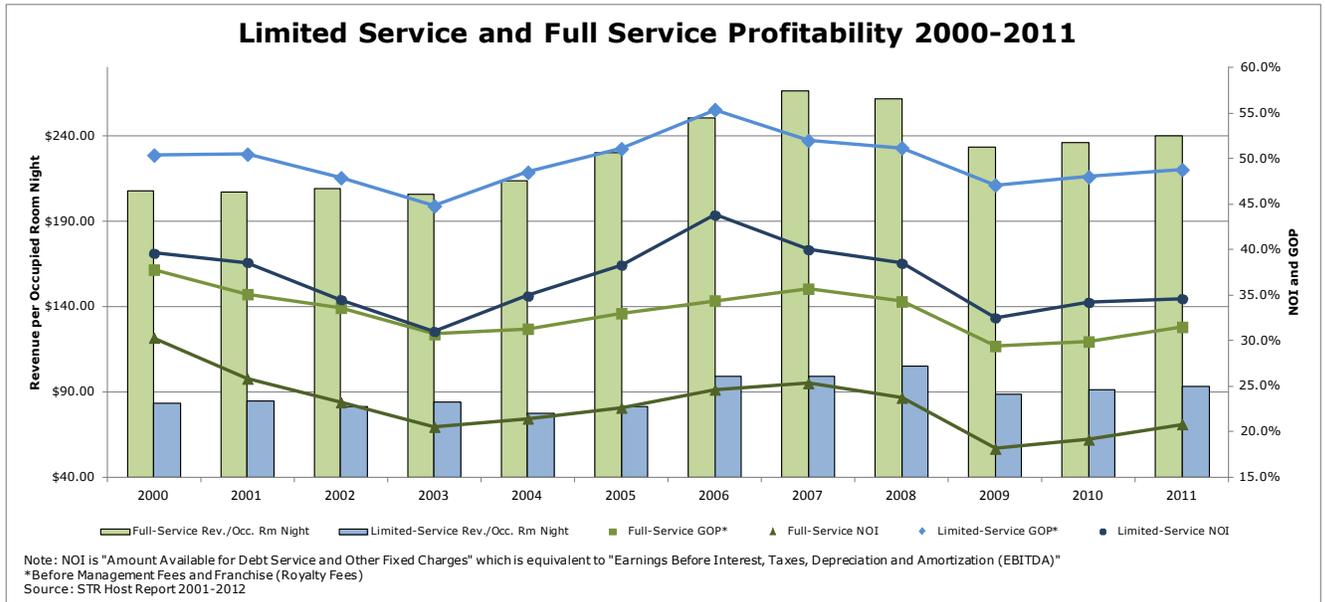
We have analyzed financial statistics concerning the performance of hotels as taken from the 2012 *Host Report* published by Smith Travel Research. This report included the

operating statements of more than 6,100 hotels, and is also utilized in the financial analysis section of this report. The following table presents selected financial ratios to sales for both full-service and limited-service hotels for the past 12 years.

<b>Selected Financial Ratios to Sales</b>						
	<b>Full-Service</b>			<b>Limited-Service</b>		
	<b>Rev./Occ. Rm Night</b>	<b>GOP*</b>	<b>NOI</b>	<b>Rev./Occ. Rm Night</b>	<b>GOP*</b>	<b>NOI</b>
<b>2000</b>	\$207.50	37.8%	30.3%	\$82.95	50.4%	39.6%
<b>2001</b>	\$206.94	35.1%	25.8%	\$84.27	50.5%	38.6%
<b>2002</b>	\$209.16	33.6%	23.2%	\$81.06	47.9%	34.5%
<b>2003</b>	\$205.71	30.7%	20.5%	\$83.80	44.8%	31.0%
<b>2004</b>	\$213.76	31.3%	21.4%	\$77.47	48.5%	34.9%
<b>2005</b>	\$229.98	33.0%	22.6%	\$81.26	51.1%	38.3%
<b>2006</b>	\$250.76	34.4%	24.6%	\$98.72	55.4%	43.8%
<b>2007</b>	\$266.56	35.7%	25.3%	\$98.72	52.0%	40.0%
<b>2008</b>	\$262.11	34.3%	23.7%	\$104.81	51.2%	38.5%
<b>2009</b>	\$233.72	29.4%	18.1%	\$88.23	47.1%	32.5%
<b>2010</b>	\$236.13	29.9%	19.1%	\$91.01	48.0%	34.2%
<b>2011</b>	\$240.08	31.5%	20.8%	\$92.97	48.8%	34.6%

Note: NOI is "Amount Available for Debt Service and Other Fixed Charges" which is equivalent to "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)"  
\*Before Management Fees and Franchise (Royalty) Fees  
Source: STR Host Report 2001-2012

The table indicates that the percentage of gross operating profit before management fees and franchise fees declined between 2001 and 2003 for both full-service hotels and limited-service hotels. The gross operating profit showed an improvement from 2003 to 2006 for both property types. In 2007, gross operating profits reached its highest levels since 2000 for full-service properties, while limited-service hotels experienced a decline. In 2008 and 2009, gross operating profit showed a decline in both categories, but then recorded an increase in 2010 and 2011. In 2007, revenue per occupied room night was the highest for full-service hotels, while limited-service hotels recorded their highest in 2008. Both properties saw a substantial decline in revenue per occupied room night in 2009, following slight increases in 2010 and 2011. Between 2000 and 2003, both properties had a decline in net operating income. In 2007, full-service hotels saw their highest net operating income, while limited-service hotels had theirs in 2006. Both properties saw an increase in net operating income in 2010 and 2011. The following graph shows the financial ratios to sales for both full-service and limited-service hotels for the past 12 years.



The graph above shows that limited-service hotels outperform full-service hotels on a percentage basis for both gross operating profit and net operating income. Full-service hotels have higher revenue per occupied room night than limited-service hotels.

**CLEVELAND LODGING OVERVIEW**

**Cleveland MSA and Downtown Cleveland:** The Cleveland MSA offers 186 hotels with 21,062 available guest rooms, according to Smith Travel Research. The downtown Cleveland submarket includes 17 hotels with 3,502 available rooms. We have profiled occupancy and ADR statistics for both the MSA and downtown Cleveland. The Cleveland area suffered a decline in occupancy and ADR between 2008 and 2009. The market has shown improvement in occupancy in 2010, 2011, and 2012, while average daily rate has shown growth in 2011 and 2012. The downtown Cleveland market has shown a strong improvement in 2012 after a more modest improvement between 2010 and 2011. The following chart shows the Cleveland MSA’s historical lodging performance and the lodging performance for the downtown Cleveland submarket.

<b>Cleveland MSA Regional Market Operating Performance</b>						
<b>Year</b>	<b>OCC</b>	<b>% Chg.</b>	<b>ADR</b>	<b>% Chg.</b>	<b>RevPAR</b>	<b>% Chg.</b>
2008	54.5%	-	\$90.34	-	\$49.24	-
2009	50.6%	-7.2%	\$85.18	-5.7%	\$43.10	-12.5%
2010	54.7%	8.1%	\$83.37	-2.1%	\$45.60	5.8%
2011	56.9%	4.0%	\$84.74	1.6%	\$48.22	5.7%
<b>Year-To-Date through November</b>						
2011	58.2%	-	\$85.13	-	\$49.55	-
2012	62.1%	6.7%	\$89.48	5.1%	\$55.57	12.2%
<b>Downtown Cleveland Market Operating Performance</b>						
2010	57.4%	-	\$108.43	-	\$62.24	-
2011	59.1%	3.0%	\$107.82	-0.6%	\$63.72	2.4%
<b>Year-To-Date through August</b>						
2011	60.1%	-	\$106.67	-	\$64.11	-
2012	67.6%	12.5%	\$114.28	7.1%	\$77.25	20.5%
Source: Smith Travel Research						

The market attracts strong demand from commercial travelers, groups and conventions including SMERF (social, military, educational, religious, and fraternal) related conventions, and leisure travelers attending a wide range of attractions and events in the market. The market looks to expand its commercial and convention segments with the projected opening of the Medical Mart and Convention Center in 2013. The leisure segment of the market has benefited from the opening of the casino in May 2012.

For the performance figures for downtown Cleveland, our statistics include the following downtown Cleveland hotels.

<b>Hotel</b>	<b>City</b>	<b>Zip Code</b>	<b>Opened</b>	<b>Rooms</b>
Renaissance Cleveland Hotel	Cleveland, OH	44113	Dec 1918	491
Ritz-Carlton Cleveland	Cleveland, OH	44113	Dec 1990	205
Doubletree Cleveland Downtown Lakeside	Cleveland, OH	44114	Dec 1974	379
Embassy Suites Cleveland Downtown	Cleveland, OH	44114	Jul 1990	252
Hampton Inn Cleveland Downtown	Cleveland, OH	44114	Jun 1998	194
Holiday Inn Express Cleveland Downtown	Cleveland, OH	44114	Oct 1999	141
Hyatt Regency Cleveland @ The Arcade	Cleveland, OH	44114	May 2001	293
Marriott Cleveland Downtown @ Key Center	Cleveland, OH	44114	Oct 1991	400
Crowne Plaza/ Future Westin Cleveland Convention Center*	Cleveland, OH	44114	Jun 1975	0
Comfort Inn Cleveland Downtown	Cleveland, OH	44115	Feb 1995	130
Hilton Garden Inn Cleveland Downtown	Cleveland, OH	44115	Mar 2002	240
Radisson Hotel Cleveland Gateway	Cleveland, OH	44115	Jun 1998	142
Residence Inn Cleveland Downtown	Cleveland, OH	44115	Apr 2000	175
Wyndham Cleveland @ Playhouse Square	Cleveland, OH	44115	Jun 1995	205
* Closed in 2010; now under renovation				
Source: Smith Travel Research 2012				

**Lakewood and Westlake:** We have also analyzed the occupancy and average daily rate statistics for the hotels located on the west side of Cleveland including the communities of Lakewood and Westlake. The west side submarket includes 10 hotels with a total of 1,094 available rooms according to Smith Travel Research.

<b>10 Hotels in Lakewood and Westlake Historical Performance Data</b>						
<b>Year</b>	<b>OCC</b>	<b>% Chg.</b>	<b>ADR</b>	<b>% Chg.</b>	<b>RevPAR</b>	<b>% Chg.</b>
2010	57.4%	-	\$70.56	-	\$40.50	-
2011	57.4%	0.0%	\$74.17	5.1%	\$42.57	5.1%
Average of Years	57.4%	0.0%	\$72.37	5.1%	\$41.54	5.1%
<b>Year-To-Date through August</b>						
2011	58.4%	-	\$74.24	-	\$43.36	-
2012	60.6%	3.8%	\$78.91	6.3%	\$47.82	10.3%
Source: Smith Travel Research						

The table for the hotels in Lakewood and Westlake indicates that the growth in occupancy level and demand between 2011 and 2012 is less than the growth for the MSA and downtown Cleveland. This is due to this competitive set including a few economy properties, which have had various management and ownership changes that resulted in a decline in occupancy level between 2010 and 2012. A number of properties in Westlake did record improved performance levels between 2010 and 2012.

**New Supply**

A number of properties have opened in the Cleveland area since 2003 or are under construction as shown in the following table.

<b>Recent and Under Construction Supply Additions Cleveland MSA</b>			
<b>Name of Establishment</b>	<b>City &amp; State</b>	<b>Open Date</b>	<b>Rooms</b>
Country Inn & Suites Elyria	Elyria, OH	Feb 2003	72
InterContinental Hotel Cleveland	Cleveland, OH	Apr 2003	299
Springhill Suites Cleveland Solon	Solon, OH	Dec 2003	120
Geneva State Park Lodge	Geneva, OH	May 2004	109
Hampton Inn Suites Cleveland Beachwood	Beachwood, OH	Jul 2004	139
Hawthorn Suites by Wyndham Akron Seville	Seville, OH	Nov 2004	60
Baymont Concord	Concord, OH	Feb 2005	55
Marriott Cleveland East	Warrensville Heights, OH	Sep 2005	295
Staybridge Suites Cleveland Mayfield Heights	Mayfield Heights, OH	Mar 2007	123
Homewood Suites Cleveland Beachwood	Beachwood, OH	May 2008	125
Value Place Mentor	Mentor, OH	Dec 2008	119
Hilton Garden Inn Cleveland E Mayfield Village	Cleveland, OH	Jan 2009	128
Hampton Inn Suites Cleveland Mentor	Mentor, OH	Apr 2009	90
Value Place Cleveland Avon	Avon, OH	Apr 2010	113
Doubletree The Tudor Arms Hotel	Cleveland , OH	Aug 2011	157
Hampton Inn Suites Elyria	Elyria, OH	U/C	98
Courtyard Cleveland University Circle	Cleveland, OH	U/C	153
Aloft Hotel Cleveland Downtown	Cleveland, OH	U/C	150
Total			2,405

Source: Smith Travel Research

The table indicates that new supply has opened throughout the Cleveland area although there have been no new hotels to open in the west shore suburbs of Lakewood, Rocky River, or Westlake in the past 10 years. There are currently two hotels under construction in Cleveland including the Aloft Hotel in downtown Cleveland and the Courtyard Hotel in University Circle.

**COMPETITIVE LODGING MARKET OVERVIEW**

We have analyzed the supply and demand factors for a group of competitive hotels located in Lakewood and to the west and south of Lakewood. The competitive set includes properties located on the west side of downtown Cleveland that represent both limited-service and full-service hotels. The purpose of the competitive set is to provide the reader with an overview of the existing supply and an understanding as to performance levels of the variety of hotel properties. The information indicates that the newest hotel, the Hilton Garden Inn Airport, is currently achieving the strongest RevPAR performance of the group. The two Lakewood hotels are achieving the weakest RevPAR performance of the grouping due to their older facilities and need of renovations. The competitive set includes two hotels located in Lakewood, for hotels located south of Lakewood knew the airport, and two hotels located at the Columbia Road exit off I-90 in Westlake. It excludes the hotels located at the Crocker Road exit off I-90 in Westlake, due to their distance from Lakewood. The following charts list the competitive properties and pertinent information about each hotel.

**Proposed Hotel - Lakewood  
Market Analysis**

**C-13**

Survey of Competitors								
#	Property	Location	# Rooms	Year Opened	Swimming Pool	Restaurant/Lounge	Meeting Space SF	Room Rates
1	Days Inn Lakewood	Lakewood, Ohio	66	June-51	None	Comp. Brkst	1,000	\$51-\$89
2	Travelodge Lakewood	Lakewood, Ohio	43	June-75	None	Comp. Brkst	0	\$59-\$79
3	Holiday Inn Airport	Cleveland, Ohio	146	June-71	Indoor	Yes	9,700	\$80-\$111
4	Marriott Airport	Cleveland, Ohio	372	November-70	Indoor	Yes	15,500	\$89-\$229
5	La Quinta Airport	Cleveland, Ohio	116	March-92	Indoor	Comp. Brkst	680	\$69-\$140
6	Hilton Garden Inn Airport	Cleveland, Ohio	168	December-99	Indoor	Yes	3,036	\$75-\$169
7	Courtyard Westlake	Westlake, Ohio	122	December-98	Indoor	Yes	900	\$79-\$209
8	TownePlace Suites Westlake	Westlake, Ohio	85	December-98	Outdoor	Comp. Brkst	0	\$119-\$149
<b>Total</b>			<b>1,118</b>					

Source: Hotel & Leisure Advisors

Competitive Supply Performance Indicators								
#	Property	2012 Market Segmentation			2012 Estimated Performance			Overall Penetration Rate
		Commercial	Group	Leisure	Occupancy	ADR	RevPAR	
1	Days Inn Lakewood	20%	20%	60%	50% to 60%	\$50 to \$60	\$30 to \$40	89%
2	Travelodge Lakewood	20%	10%	70%	40% to 50%	\$50 to \$60	\$20 to \$30	60%
3	Holiday Inn Airport	60%	20%	20%	60% to 70%	\$60 to \$70	\$40 to \$50	97%
4	Marriott Airport	34%	38%	28%	60% to 70%	\$130 to \$140	\$80 to \$90	93%
5	La Quinta Airport	50%	10%	40%	70% to 80%	\$60 to \$70	\$40 to \$50	109%
6	Hilton Garden Inn Airport	70%	15%	15%	70% to 80%	\$100 to \$110	\$80 to \$90	115%
7	Courtyard Westlake	60%	15%	25%	60% to 70%	\$90 to \$100	\$60 to \$70	103%
8	TownePlace Suites Westlake	70%	10%	20%	70% to 80%	\$70 to \$80	\$50 to \$60	118%
<b>Average</b>		50%	22%	28%	66%	\$97.42	\$64.62	100%

Source: Hotel & Leisure Advisors



**Competitive Property #1**



<b>Days Inn Lakewood</b>			
<b>Descriptive and Performance Information</b>			
Location	Lakewood, Ohio	Swimming Pool	None
# Rooms	66	Restaurant/ Lounge	Comp. Brkst
Year Opened	June-51	Meeting Space SF	1,000
Room Rates	\$51-\$89		
<b>2012 Estimated Performance</b>			
Occupancy	50% to 60%	Market Segmentation:	
ADR	\$50 to \$60	Commercial	20%
RevPAR	\$30 to \$40	Group	20%
Overall Penetration Rate	89%	Leisure	60%
Source: Hotel & Leisure Advisors			

The 66-room Inn Lakewood is located on Lake Avenue near West Street, close to the Lakewood/Cleveland border. It is the oldest hotel in the comparable set. The hotel features approximately 1,000 square feet of meeting space and offers complimentary continental breakfast and wireless Internet access. Guest parking is also complimentary. The hotel allows pets for an additional fee. Emerald Hospitality took over as the management company in May 2011 when the bank foreclosed on it. The property was auctioned for sale on the website auction.com in December 2012. Details concerning the new ownership plans for the property are not yet available, although we project that the new owners will need to renovate the property.

**Competitive Property #2**



<b>Travelodge Lakewood</b>			
<b>Descriptive and Performance Information</b>			
Location	Lakewood, Ohio	Swimming Pool	None
# Rooms	43	Restaurant/ Lounge	Comp. Brkst
Year Opened	June-75	Meeting Space SF	0
Room Rates	\$59-\$79		
<b>2012 Estimated Performance</b>			
Occupancy	40% to 50%	Market Segmentation:	
ADR	\$50 to \$60	Commercial	20%
RevPAR	\$20 to \$30	Group	10%
Overall Penetration Rate	60%	Leisure	70%
Source: Hotel & Leisure Advisors			

The 43-room Lakewood is located on Edgewater Drive near West Street at the border of Lakewood and Cleveland. The hotel offers a complimentary continental breakfast in line with the brand's Bear Bites standards. Parking and wireless Internet are complimentary. The property does not feature any meeting space. The hotel is pet-friendly. The property sold in 2011 and the new owner is planning a renovation in 2013 including new carpeting, beds, and other furniture, fixtures, and equipment. The bulk of demand at the property is overflow demand from downtown Cleveland.

**Competitive Property #3**



<b>Holiday Inn Airport</b>			
<b>Descriptive and Performance Information</b>			
Location	Cleveland, Ohio	Swimming Pool	Indoor
# Rooms	146	Restaurant/ Lounge	Yes
Year Opened	June-71	Meeting Space SF	9,700
Room Rates	\$80-\$111		
<b>2012 Estimated Performance</b>			
Occupancy	60% to 70%	Market Segmentation:	
ADR	\$60 to \$70	Commercial	60%
RevPAR	\$40 to \$50	Group	20%
Overall Penetration Rate	97%	Leisure	20%
Source: Hotel & Leisure Advisors			

The 146-room Inn Airport is located just off I-71 close to Lakewood city limits and less than four miles from Cleveland Hopkins International Airport. It features a restaurant that serves breakfast, lunch, and dinner as well as a bar/lounge. Other amenities include an indoor pool, fitness facility, business center, complimentary wireless Internet access, complimentary shuttle, complimentary newspaper, and 9,700 square feet of event space.

**Competitive Property #4**



<b>Marriott Airport</b>			
<b>Descriptive and Performance Information</b>			
Location	Cleveland, Ohio	Swimming Pool	Indoor
# Rooms	372	Restaurant/ Lounge	Yes
Year Opened	November-70	Meeting Space SF	15,500
Room Rates	\$89-\$229		
<b>2012 Estimated Performance</b>			
Occupancy	60% to 70%	Market Segmentation:	
ADR	\$130 to \$140	Commercial	34%
RevPAR	\$80 to \$90	Group	38%
Overall Penetration Rate	93%	Leisure	28%
Source: Hotel & Leisure Advisors			

The 372-room Airport is located on West Street just off I-71, approximately 1.5 miles from the Lakewood border and three miles from Cleveland Hopkins International Airport. The nine-floor hotel offers 23 meeting rooms totaling 15,500 square feet, the largest in our comparable set. It features complimentary wireless Internet and free parking. Amp 150 is a contemporary and eclectic restaurant and lounge on site open for breakfast, lunch and dinner, and Starbucks coffee is located on the premises. The facility also boasts an indoor pool, hot tub and fitness center.

**Competitive Property #5**



<b>La Quinta Airport</b>			
<b>Descriptive and Performance Information</b>			
Location	Cleveland, Ohio	Swimming Pool	Indoor
# Rooms	116	Restaurant/ Lounge	Comp. Brkst
Year Opened	March-92	Meeting Space SF	680
Room Rates	\$69-\$140		
<b>2012 Estimated Performance</b>			
Occupancy	70% to 80%	Market Segmentation:	
ADR	\$60 to \$70	Commercial	50%
RevPAR	\$40 to \$50	Group	10%
Overall Penetration Rate	109%	Leisure	40%
Source: Hotel & Leisure Advisors			

The 116-room Quinta Airport is located on West Street just off I-71, approximately 3.5 miles from Cleveland Hopkins International Airport and 1.5 miles from the Lakewood / Cleveland border. The hotel offers a fitness center, laundry facilities, complimentary wireless Internet, and shuttle service. It features 680 square feet of meeting space. Pets are welcomed at the hotel. The property has achieved stronger performance in recent years due to increased overflow demand from downtown Cleveland and the improved economy.

**Competitive Property #6**



<b>Hilton Garden Inn Airport</b>			
<b>Descriptive and Performance Information</b>			
Location	Cleveland, Ohio	Swimming Pool	Indoor
# Rooms	168	Restaurant/ Lounge	Yes
Year Opened	December-99	Meeting Space SF	3,036
Room Rates	\$75-\$169		
<b>2012 Estimated Performance</b>			
Occupancy	70% to 80%	Market Segmentation:	
ADR	\$100 to \$110	Commercial	70%
RevPAR	\$80 to \$90	Group	15%
Overall Penetration Rate	115%	Leisure	15%
Source: Hotel & Leisure Advisors			

The 168-room Garden Inn Airport is located approximately two miles from Cleveland Hopkins International Airport and about 7.5 miles outside of the Lakewood border. It boasts a fitness center, indoor pool, and hot tub. It offers complimentary wireless Internet, free parking and courtesy airport transportation. The hotel features an on-site restaurant and seven meeting rooms with a combined total of 3,036 square feet of meeting space. The property is the top performer in terms of occupancy percentage in 2012 due to the strength of the Hilton brand affiliation.

**Competitive Property #7**



<b>Courtyard Westlake</b>			
<b>Descriptive and Performance Information</b>			
Location	Westlake, Ohio	Swimming Pool	Indoor
# Rooms	122	Restaurant/ Lounge	Yes
Year Opened	December-98	Meeting Space SF	900
Room Rates	\$79-\$209		
<b>2012 Estimated Performance</b>			
Occupancy	60% to 70%	Market Segmentation:	
ADR	\$90 to \$100	Commercial	60%
RevPAR	\$60 to \$70	Group	15%
Overall Penetration Rate	103%	Leisure	25%
Source: Hotel & Leisure Advisors			

The 122-room Westlake is located approximately four miles outside the Lakewood city limits on Sperry Drive in Westlake just off I-90. It boasts a fitness center, indoor pool and hot tub. The Bistro is open for breakfast and dinner, and the hotel features a sundry shop. It also offers complimentary wireless Internet and 900 square feet of meeting space between two rooms. During the winter months, the hotel hosts various hockey teams participating in tournaments at the Serpentine Winterhurst ice rink in Lakewood.

**Competitive Property #8**



<b>TownePlace Suites Westlake</b>			
<b>Descriptive and Performance Information</b>			
Location	Westlake, Ohio	Swimming Pool	Outdoor
# Rooms	85	Restaurant/ Lounge	Comp. Brkst
Year Opened	December-98	Meeting Space SF	0
Room Rates	\$119-\$149		
<b>2012 Estimated Performance</b>			
Occupancy	70% to 80%	Market Segmentation:	
ADR	\$70 to \$80	Commercial	70%
RevPAR	\$50 to \$60	Group	10%
Overall Penetration Rate	118%	Leisure	20%
Source: Hotel & Leisure Advisors			

The 85-room Suites Westlake is located approximately four miles outside of Lakewood off I-90. The extended stay facility offers all suite, residential style living accommodations, with three different floor plans and a 24 hour staff. The hotel boasts a renovated lobby, business center, sundry shop, fitness center, complimentary wireless Internet, in-suite home offices, and a complimentary Grab-N-Go breakfast. It also features a seasonal outdoor pool and grill. As a dual property, guests of TownePlace Suites Cleveland Westlake are welcome to utilize the amenities of the adjacent Courtyard by Marriott, including the indoor pool and hot tub.

**Historical Lodging Demand:** The following table provides occupancy, ADR, and revenue per available room (RevPAR) for the defined competitive set for the past three years based upon statistical information we have collected concerning each hotel.

<b>Proposed Hotel - Lakewood Historical Performance of Competitive Set</b>			
<b>Total Market Demand Segment</b>	<b>Historical</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Commercial</b>	124,881	131,007	136,348
<b>Group</b>	54,832	57,230	59,346
<b>Leisure</b>	72,166	72,662	74,973
<b>Total Room Night Demand</b>	251,879	260,899	270,668
Total Room Demand Growth	-	3.6%	3.7%
Total Room Nights Available	408,070	408,070	408,070
Total Room Supply Growth	-	0.0%	0.0%
Adjusted Market Occupancy	61.7%	63.9%	66.3%
ADR	\$90.01	\$93.42	\$97.42
ADR Growth	-	3.8%	4.3%
RevPAR*	\$55.56	\$59.73	\$64.62
RevPAR Growth	-	7.5%	8.2%
*RevPAR is revenue per available room and equals the occupancy percentage times ADR			
Source: Hotel & Leisure Advisors			

- The market has had no change in supply during the past three years.
- Overall demand has shown increases between 2010 and 2012 which resulted in occupancy levels increasing from 61.7% in 2010 to 66.3% in 2012.
- The ADR of the competitive set has shown above inflationary growth rates of 3.8% in 2011 and 4.3% in 2012.
- During the same period, the RevPAR has increased by 7.5% in 2011 and 8.2% in 2012.
- The two existing hotels in Lakewood achieved the lowest levels of occupancy and average daily rate among the competitive properties due to their age and condition.

The competitive set of properties achieved its highest occupancy levels on Saturdays followed by Wednesday's and its weakest occupancy level on Sundays. The competitive properties achieved their highest ADR on Tuesdays. The market achieves their highest occupancy level during the summer months of June and July and the lowest occupancy levels in the months of January and February.

**Proposed Hotel Development:** Discussions with local municipal officials, real estate brokers, and hotel operators and review of various published data have revealed that currently, there are a number of proposals for hotels in the market. The increase in room demand in the downtown Cleveland market has created a number of hotel development projects as shown in the following table.

<b>CLEVELAND, OHIO PROPOSED HOTEL SUPPLY ADDITIONS/REMOVALS</b>				
<b>Completion Date</b>	<b>Property</b>	<b>No. of Rooms</b>	<b>Location</b>	<b>Status</b>
2012-YE	Embassy Suites Downtown (SCHEDULED TO CLOSE)	(252)	East 12th	Announced
2013	Westin Hotel (renovation of former Crowne Plaza)	481	St. Clair	U/C
2013	Aloft Hotel Flats East Bank	150	East Bank of the Flats	U/C
2013	Courtyard by Marriott	153	University Circle	U/C
2014	Aloft Hotel Beachwood	135	Beachwood	U/C
2015	Mather Mansion Boutique Hotel at CSU	64	Euclid Avenue	P
2016	Hotel at former Cleveland Athletic Club	170	Euclid Avenue	P
2016	Le Meridien Hotel	230	Euclid Avenue	P
<b>Total Net Supply Additions</b>		<b>1,131</b>	<b>P - Proposed</b>	
<b>Source: Hotel &amp; Leisure Advisors December 2012</b>			<b>U/C - Under Construction</b>	
			<b>U/D - Under Development</b>	

Of note is the announcement that the Embassy Suites Downtown closed at the end of 2012. The owners of the hotel decided to convert the property into apartments, as they identified the multi-family market as the highest and best use for the existing building. The following bullet points describe the anticipated new hotel supply.

- Sage Hospitality purchased the former Crowne Plaza in downtown Cleveland for renovation and conversion to a Westin Hotel. The 481-room Westin Cleveland Convention Center is scheduled to reopen in summer 2013 after a \$64 million renovation. The hotel is located adjacent to the new Cleveland Medical Mart and Convention Center Complex. The property will offer a full-service restaurant, 26,000 square feet of meeting facilities and Westin signature amenities.
- The 150-room Aloft hotel is under construction as part of the Flats East Bank Project by developer Scott Wolstein. The hotel development will have 3,000 square feet of meeting space, lounge, and gym. The project is under construction and anticipated opening is March of 2013.
- The Courtyard by Marriott University Circle is under construction at the intersection of Cornell Road and Euclid Avenue. It will offer 135 rooms and 18 suites for a total of 153 guest rooms. The hotel will be LEED certified, and will offer The Bistro breakfast and dinner restaurant, two meeting rooms, fitness center, and indoor swimming pool. The project broke ground in January 2012, and is anticipated to be open in spring 2013.
- BGL Real Estate Advisors and developer Scott Berkowitz announced the groundbreaking of a new 135-room Aloft hotel in Chagrin Highlands in October 2012. The hotel is located adjacent to Eaton Corporation world headquarters in Beachwood. The project is scheduled to open in the third quarter 2013.
- After restoration and renovations, The Cleveland Athletic Club is proposed to convert to a 180-room full-service hotel. The proposed hotel would occupy floors 2 through 10. The Cleveland Athletic Club would occupy floors 11 through 15. The development would also include a Trader Vic's Restaurant. This project was proposed in 2009 during the economic recession and has yet to progress forward.
- A 230-room Le Meridian hotel is proposed in the now-vacant buildings that comprise the 1000 block of Euclid Avenue, across the street from the Schofield

Building. Le Meridian is a Starwood affiliate brand. This project is in the early stages of planning and no further information is available as of the date of this report.

- Cleveland State University is in process of signing a development agreement with the Chessler Group to redevelop the former Mather mansion into a boutique 64-room hotel. The project has not yet been financed.

We acknowledge that with the Medical Mart Convention Center development, and the recent Horseshoe Casino opening in May 2012, new hotels will open in downtown Cleveland. As of December 2012, the opening of the Aloft Hotel in downtown Cleveland will not make up for the number of rooms from the closure of the Embassy Suites hotel. There are no other hotels currently under construction in downtown Cleveland, and the nearest property is the Courtyard by Marriott Hotel, which is under construction in University Circle.

### **Area Demand Analysis**

Estimates of demand for lodging facilities within the market area included analysis of the following factors.

1. Identification of the appropriate demand segments for the competitive set
2. The characteristics of each demand segment, including the need for quality lodging accommodations
3. The overall contribution of room nights generated by each demand segment, as well as the growth potential of each demand segment
4. The strength and attractiveness of the market area's business environment with regard to the economy, educated labor force, leisure attractions, and quality of life
5. Historical and anticipated trends in employment distribution and growth
6. Interviews with representatives of competitive hotels and various hotel chains to determine performance of area hotels and proposed new supply additions
7. Interviews with representatives of Convention and Visitors Bureau, Chamber of Commerce, city officials, county officials, economic development officials and others

A thorough analysis of key economic and demographic indicators, annual historical growth by demand segment for the competitive market, and the anticipated impact of future development on lodging demand allow us to estimate future lodging demand generated by the primary demand segments.

**Market Demand Segmentation:** The market for transient accommodations relates to a wide range of travelers within a market area. For the purposes of the demand analysis, we will subdivide the overall market into individual segments based on the type or nature of travel. The following table indicates the different segments which exist in the competitive set of hotels.

<b>Total Accommodated Demand Output</b>			
<b>Segment</b>		<b>2012 Rm Nights</b>	<b>Segment Percent</b>
1	<b>Commercial Group Leisure</b>	136,348	50%
2		59,346	22%
3		74,973	28%
<b>TOTAL</b>		270,668	100%
<b>Market Occupancy</b>		66.3%	
<b>Market ADR</b>		\$97.42	
Source: Hotel & Leisure Advisors			

The previous table and the table on page C-28 indicate our estimates of total accommodated demand utilizing our hotel supply and demand model. We have obtained individual occupancy, ADR, and market mix figures from each of the competitors to determine the historical performance figures. Our historical performance figures are different from the figures presented in the tables on page C-10 which presents data directly from multiple Smith Travel Research reports. The differences are due to different hotels being included in each of the groupings of properties.

Commercial Demand consists of general transient overnight travel created by businesses and governmental institutions in the area. The business traveler tends to be less price-sensitive than the leisure traveler and is more likely to utilize a hotel's food and beverage facilities. Commercial demand is typically strongest on Sunday through Thursday nights. This demand segment consists of people visiting area companies for purposes of relocation, corporate inspection, sales meetings, consulting, training, and other purposes.

Commercial demand is generated by a number of companies located in the Cleveland market including Hyland Software, Ernst & Young, Keycorp, Eaton Corporation, PNC Bank, Parker Hannifin, Sherwin Williams, Forest City Enterprises, Cleveland-Cliffs, Cleveland State University, Cleveland Clinic, Case Western Reserve University, and University Hospitals. In Lakewood, there are a number of smaller demand generators including Lakewood Hospital, Newry, New York Life Insurance, First Federal Lakewood, Graftech, and others, which individually attract less than 100 room nights per company. The demand survey our company conducted with 34 Lakewood area businesses and organizations indicated 1,812 room nights from these various employers. This segment also includes transportation workers such shipyard and railroad workers, government related travelers, people coming due to the area's businesses, and travelers who are relocating to the area.

The commercial segment equaled approximately 50% of room night demand in 2012. Commercial demand trends tend to reflect trends in employment. Between 2000 and 2010, total employment in the Cleveland MSA declined as shown in the previous section, which has limited commercial growth in the hotel market. We project a slow growth in the commercial segment in future years due to the opening of the Medical Mart and improvement in the local economy. However, commercial hotel demand growth for the competitive set will be offset due to Eaton moving its headquarters from downtown Cleveland to Beachwood.

Group Demand includes conferences and group meetings with a minimum of 10 occupied rooms on a single night. Conventions, association meetings, corporate meetings, training seminars, and social functions such as weddings and family reunions generate group

demand. This segment also includes family reunions and SMERF (social, military, educational, religious, and fraternal) groups. Group demand typically utilizes meeting space in the market's hotels as well as larger convention centers and event centers within the area.

Group demand in the competitive set is strongest at the Marriott Airport, which contains the most meeting space. Other hotels within the market attract group demand utilizing their respective meeting spaces as well as overflow demand from downtown Cleveland. Each of the hotels also report receiving various sports related groups. The following table indicates the meeting spaces per available room of the competitive hotels.

<b>Meeting Space to Rooms Ratio</b>			
<b>Hotel</b>	<b>Meeting Space SF</b>	<b># Rooms</b>	<b>Meeting Space Per Available Room</b>
Days Inn Lakewood	1,000	66	15.2
Travelodge Lakewood	0	43	0.0
Holiday Inn Airport	9,700	146	66.4
Marriott Airport	15,500	372	41.7
La Quinta Airport	680	116	5.9
Hilton Garden Inn Airport	3,036	168	18.1
Courtyard Westlake	900	122	7.4
TownePlace Suites Westlake	0	85	0.0

Source: Hotel & Leisure Advisors

The group segment equaled approximately 22% of room night demand in 2012. We project a strong increase in group demand for the competitive set following the summer 2013 opening of the new convention center. According to our interviews and research, group demand in the downtown Cleveland market is projected to increase by 25% in 2014 because of the new convention center. This demand growth will affect all hotels in downtown Cleveland and is projected to overflow into the west shore suburban markets.

Leisure Demand consists of individuals and families visiting attractions in the area or passing through en route to other destinations. Their purpose for travel may include sightseeing, visiting friends and relatives, recreation, relaxation, events, and numerous other non-business activities. Leisure demand is strongest Friday and Saturday nights and during school holiday periods. Tourist demand for lodging peaks during the summer months when the schools are out and the attractions in the region are open to visitors. Additionally, leisure demand comes from the many sports tournaments and events of the metropolitan area. While the leisure segment often is comprised of more rate sensitive travelers, the segment is willing to pay higher rates during peak demand periods. The following table presents the primary leisure attractions in the area.

<b>Major Tourist Attractions in the Subject Area</b>	
<b>Attraction</b>	<b>Location</b>
Beck Center for the Arts	Detroit Avenue, Lakewood
Serpentini Winterhurst Arena	I-90 & Warren Road, Lakewood
Lakewood Park	Lakewood Lakefront
Horseshoe Casino Cleveland	Downtown Cleveland
Quicken Loans Arena	Downtown Cleveland
Progressive Field	Downtown Cleveland
Browns Stadium	Cleveland Lakefront
Rock and Roll Hall of Fame & Museum	Cleveland Lakefront
University Circle (multiple attractions)	East of Downtown Cleveland
Cleveland Metroparks Zoo	Southwest of Downtown Cleveland
Source: Hotel & Leisure Advisors	

The leisure segment equaled approximately 28% of room night demand in 2012. Leisure demand in the market peaks during the summer months. The Rock and Roll Hall of Fame and Museum, Horseshoe Casino, the lakefront, various sport venues, concerts and festivals downtown, and museums generate leisure demand in the market. The casino opened in May 2012 and increased leisure demand within the area. We project less of an increase in 2013 as the attraction approaches its year anniversary.

**PROJECTED MARKET OCCUPANCY**

The relationship between the estimated room night demand and guest room supply provides a basis for forecasts of area wide occupancy. We have made an estimate for future market occupancy levels for the competitive set utilizing an assumed 80-room hotel in Lakewood to open in 2015 at a location to be determined. The projected market occupancy level is considered the midpoint of a range, which could be slightly higher or lower. The following table displays the projected supply, demand, and occupancy levels.

<b>Proposed Hotel - Lakewood Market Demand Analysis - Assuming an 80-room New Hotel in Lakewood to open in 2015</b>								
<b>Total Market Demand Segment</b>	<b>Historical</b>			<b>Projected</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Commercial</b>	124,881	131,007	136,348	137,712	139,089	144,320	145,725	147,144
<b>Group</b>	54,832	57,230	59,346	62,314	67,299	69,252	70,611	71,998
<b>Leisure</b>	72,166	72,662	74,973	77,223	79,540	81,615	83,222	84,861
<b>Total Room Night Demand</b>	251,879	260,899	270,668	277,249	285,928	295,187	299,558	304,003
Total Room Demand Growth	-	3.6%	3.7%	2.4%	3.1%	3.2%	1.5%	1.5%
Total Room Nights Available	408,070	408,070	408,070	408,070	408,070	437,270	437,270	437,270
Total Room Supply Growth	-	0.0%	0.0%	0.0%	0.0%	7.2%	0.0%	0.0%
Adjusted Market Occupancy	61.7%	63.9%	66.3%	68%	70%	68%	69%	70%
Source: Hotel & Leisure Advisors								

- The table indicates that we project the market occupancy to show an increase in 2013 due to the lack of new supply and projected growth in demand particularly from overflow demand from downtown Cleveland.
- We project a further increase in 2014 due to the strong bookings for the new convention center in downtown Cleveland, which are projected to overflow demand to the competitive set.
- With the opening of a new hotel in Lakewood, which we have assumed to be in 2015, we project a modest decline in the market occupancy level.
- We project growth in the market occupancy level in 2016 and 2017 due to the new Lakewood hotel attracting additional demand to the market.

**PROJECTED SUBJECT OCCUPANCY AND ADR RANGE**

In this section, we will discuss our projections of occupancy and average daily rate for the proposed hotel. We have assessed the projected competitive position of a new hotel in Lakewood compared to the defined competitive lodging supply. Based on interviews with representatives of competitive hotels, our general knowledge of the market area, and consideration of factors such as competent and efficient management, a well defined marketing program, the location of the subject property, and the quality of the facility, we have estimated future performance of a proposed hotel.

As neither a site, room count, nor a brand type has been selected for the proposed project, we have made projections of occupancy and average daily rate in a range assuming a stabilized year of operation. The following table indicates our projections for a proposed hotel. We note that the projections will vary depending upon the size, brand, quality level, and location for the property.

<b>Proposed Hotel - Lakewood</b> <b>Proposed Range of Occupancy and ADR Performance</b>	
Occupancy in stabilized year	Stabilized Year 65% to 70%
ADR in 2015 dollars in stabilized year	\$100 to \$120

Our projections indicate that the subject will achieve an occupancy level similar to the market occupancy level shown for the competitive set. A portion of demand for the proposed hotel is projected to be derived from corporate, group, and leisure visitors to downtown Cleveland who would appreciate staying in a less expensive but high-quality suburban alternative. Additional demand will come from Lakewood area businesses and attractions. The proposed hotel in Lakewood would be an overflow hotel for demand from the Cleveland Hopkins International Airport on peak days when there is need for additional hotels beyond those located closer to the airport. The proposed hotel would also attract demand from businesses located in the western suburbs including Rocky River, Fairview Park, Westlake, and Avon who may want to stay between downtown Cleveland and a business location in the western suburbs.

Our ADR projection indicates that we project the subject property could achieve an average room rate at the higher end of the competitive set due to the property being new construction and affiliated with a well known brand or being a boutique hotel. The ADR projection would justify development of a midscale or upscale hotel type property rather than an upper upscale or luxury quality level property.

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- David J. Sangree, MAI, ISHC has made a personal inspection of the neighborhoods that are the subject of this report.
- Heidi Banak and Kyle Mossman provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, David J. Sangree, MAI, ISHC has completed the continuing education program of the Appraisal Institute.



---

David J. Sangree, MAI, ISHC  
President

## **ADDENDUM I**

# Qualifications of Hotel & Leisure Advisors



## **Our Mission:**

Provide thorough and thoughtful analysis to our clients in all sectors of the hospitality industry



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## HOTEL & LEISURE ADVISORS

<b>Summary of Qualifications</b>	Section A
<b>Services</b>	Section B
<ul style="list-style-type: none"><li>• Market &amp; Financial Feasibility Studies</li><li>• Appraisals &amp; Tax Appeal Appraisals</li><li>• Economic Impact Studies</li><li>• Impact Analysis</li><li>• Management Company Analysis</li><li>• Litigation Support &amp; Expert Witness Testimony</li><li>• Property Reviews &amp; Management Services</li><li>• Other Development Services</li><li>• Seminars, Presentations, &amp; Industry Research</li></ul>	
<b>Property Type Specialties</b>	Section C
<ul style="list-style-type: none"><li>• Hotels &amp; Resorts</li><li>• Indoor Waterpark Resorts, Waterparks, &amp; Amusement Parks</li><li>• Golf Courses and Ski Resorts</li><li>• Restaurants</li><li>• Conference, Convention, &amp; Exposition Centers</li></ul>	
<b>Resources</b>	Section D
<b>Clients and Assignments</b>	Section E
<b>Staff</b>	Section F

## FOCUS

- ❖ We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to hospitality and real estate. We have a particular emphasis in hotels, waterparks, resorts, golf courses, ski resorts, amusement parks, casinos, restaurants, and conference and convention centers.
- ❖ We participate in industry associations and trade groups to keep us abreast of developments affecting our clients and give us access to rich sources of data.
- ❖ We follow news and transactions occurring in the hospitality industry on a daily basis.

## EXPERIENCE

- ❖ Our consultants have more than 100 years combined experience in the hospitality industry and have studied more than 2,000 properties throughout the United States, Canada, and the Caribbean.
- ❖ Our consultants analyze a variety of property types and work with clients who have many different objectives.
- ❖ We apply appropriate and detailed analysis to projects ranging from stand-alone properties to complex multi-component developments.

## EDUCATION

- ❖ The consultants of Hotel & Leisure Advisors have degrees from recognized hospitality programs at leading universities.
- ❖ All consultants participate in continuing education programs provided by appraisal and hospitality organizations.
- ❖ David J. Sangree (President) holds the MAI designation from the Appraisal Institute, is a state licensed Certified General Appraiser, a CPA, and is a member of the International Society of Hospitality Consultants (ISHC). Eric Hansen (Director of Development Services) is an American Institute of Architects (AIA) member and a member of the ISHC. Laurel A. Keller, Joseph Pierce and Nuresh Maredia all hold a State Certified General Appraiser license.

## VALUE

- ❖ Hotel & Leisure Advisors produces comprehensive, detailed reports that meet the high standards outlined by the Appraisal Institute and adheres to the Uniform Standards of Professional Appraisal Practice (USPAP).
- ❖ We obtain statistical data from Smith Travel Research, PKF Hospitality Research, World Waterpark Association, International Association of Amusement Parks and Attractions, American Resort Development Association, National Golf Foundation, and National Ski Areas Association.

## REPUTATION

- ❖ Hotel & Leisure Advisors acquires much of its business from referrals by clients who recognize the quality and value of our reports. We are happy to provide references on request.
- ❖ Our reports are respected by clients who acknowledge the reasoning and research behind our conclusions.
- ❖ Our consultants are quoted in the media and contribute articles to leading industry publications.

*Hotel & Leisure Advisors is proud to provide an extensive range of services to our clients. We will customize our reports to meet your needs and the specific details of your project.*

### **Market & Financial Feasibility Studies**

A market and financial feasibility study is prepared for proposed projects or for existing properties being considered for significant changes. The study is an analysis of market conditions, economic and demographic factors, site conditions, and their effects on the proposed project. Hotel & Leisure Advisors completes a detailed analysis of comparable properties' performance and conditions. We research and present information concerning properties that are closing and new supply additions. We analyze existing and projected demand generators in the market. The study estimates the operating performance of the proposed project and may suggest variations in size or scope that would improve performance.

Lenders may require a feasibility study as part of a financing application. Developers, investors, owners, and managers may use a feasibility study in their planning processes. H&LA prepares market and financial feasibility studies for all types of hotels and leisure real estate. We conduct extensive supply and demand interviews when researching performance levels of hotels and leisure real estate within local and regional markets. We utilize a sophisticated hospitality valuation and analysis model that provides a detailed analysis of a market by evaluating competitive factors, several databases of financial information, and comparisons with other similar properties and industry standard reports. We review data generated from Smith Travel Research, the Host Study, PKF, IAAPA, the World Waterpark Association, National Ski Area Association, the American Resort Development Association, the National Golf Foundation, and the National Restaurant Association.

### **Appraisals & Tax Appeal Appraisals**

An appraisal is a professional opinion of the value of a property. It is often used in the process of obtaining financing and establishing a market value for a sale. Periodic appraisals may be required to assess the quality of a lender's portfolio. Appraisals are often ordered by lenders, buyers, sellers, owners wishing to refinance, and investors.

An appraiser with the MAI designation exceeds the state certification and licensing required of all appraisers. When you hire an MAI, you are receiving the services of a professional with specialized training and experience in the appraisal industry who adheres to specific standards and ethics and must fulfill continuing education requirements. David J. Sangree, MAI, CPA, ISHC, holds the Appraisal Institute's MAI designation and is licensed to conduct appraisals in Ohio and other states. He and the experienced staff of H&LA prepare the highest quality real estate appraisal reports for the hospitality industry. We also prepare appraisal reviews of other hospitality-related appraisals.

H&LA utilizes a sophisticated hospitality valuation model which provides a detailed analysis of a market and determines the valuation for a property. Our analysis considers the income capitalization approach, sales approach, and cost approach, with a primary focus on the income capitalization approach for a hospitality project.

A tax appeal appraisal is a specialized form of an appraisal that is typically done in relationship to a tax assessment appeal by either the government or the property owner to determine the real estate market value.

H&LA will prepare a market value appraisal to determine the real estate component of the going concern hospitality property. Our analysis includes a detailed review of the market and determines the going concern valuation. We then allocate that value among the real estate, personal property, and any business value component that may exist. David J. Sangree, Laurel Keller, Joseph Pierce, and Nuresh Maredia have testified in numerous tax appeal cases in various states for both the property owner and the government entities concerning appraisals we have completed.

## **Economic Impact Studies**

An economic impact study analyzes the financial impact a particular project will have throughout the many levels of the economy, both locally and countywide. This impact will include both temporary and permanent effects on the economy. Temporary impacts will include jobs and revenues created during the construction of the facility as well as related costs. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources.

Our studies identify significant economic events resulting from construction and operations of a proposed facility, review and analyze event patron surveys throughout the nation to estimate spending patterns, analyze relevant municipal revenues, and project the impact on the market for the development of proposed facilities. We estimate three types of economic impact, including Direct-Effect Impact, Indirect or Induced Impacts, and Final Impacts on local economies. We utilize the RIMS II multipliers for output earnings and employment by industry for the county, which are generated by the U.S. Department of Commerce. We calculate the projected jobs and output for the proposed development for a ten-year period. We also calculate projected tax revenue from all sources for a ten-year period.

## **Impact Analysis**

An impact analysis for a proposed project examines the effects of that project in a market where an existing franchise exists. An owner of an existing franchise or the franchising company may order an impact analysis when a new franchise is being considered in an area where similar properties are in operation.

David J. Sangree and Eric Hansen, AIA, ISHC are on the recommended list of many hotel companies to prepare impact analyses for their franchises. An impact analysis looks at the actual performance of the subject hotel and considers demand sources for the proposed hotel. After conducting various interviews in the market, we prepare an thorough analysis that considers the potential impact the proposed property will have on the existing property. We utilize a detailed computer-based model to determine the existing demand at the objecting property and consider specific demand segments that may switch to a new property if it were constructed. We analyze potential additional demand which could come to the objecting property from having another brand affiliation in a general market. We estimate the amount of occupancy, average daily rate, and room revenue impact that may occur from the addition of a new property to an existing market. We estimate both base and incremental impact.

### **Litigation Support & Expert Witness Testimony**

Hotel & Leisure Advisors is available to provide expert witness testimony for attorneys in various litigation cases involving the hospitality industry or valuations. David J. Sangree, has testified in a number of courtrooms in various states concerning hotel- and hospitality-related projects. As an expert witness, he provides high level qualifications and strong research capabilities.

### **Management Company Analysis**

A management company analysis is a review of an existing or proposed hospitality project and the identification of appropriate management companies to consider as operators of the facility. Hiring a qualified management company can make or break a hotel or resort development. Spending the appropriate resources to identify the most qualified management company is a useful analysis to perform. Hotel & Leisure Advisors is available to assist our clients in identifying appropriate management companies for all types of hospitality projects.

Using our extensive database of management companies, will obtain proposals and conduct interviews with companies that would be the most appropriate to consider for the project. We will provide our client with the profiles of competent and experienced management companies that will share similar goals and vision for the project.

### **Operational Analysis**

The consultants of Hotel & Leisure Advisors have over 100 years of combined experience in managing, reviewing, and operating hotels. We offer a one-time operational analysis and review of an existing hotel to analyze areas where the hotel is performing well and areas that are in need of improvements. Our report considers both objective and subjective performance characteristics through our inspection of the property and the completion of various interviews. During the course of our research, we will interview management of the property, management of comparable properties, clients of the property, and knowledgeable city and county officials. We will also perform a financial review comparing the financial performance of the subject property with industry standards and our database of over 1,000 financial statements of hotels.

### **Asset Management Services**

For hotels requiring ongoing operational analysis, Hotel & Leisure Advisors offers asset management services to optimize the performance of the property. Our qualified asset managers provide additional resources for the property to improve success. We will work with the hotel management company and the owner to optimize the value of the hotel property. Our experienced consultants will offer specific services tailored to the client and his/her property. Specific service offerings include market research, operations oversight, accounting review, meetings with management, contract negotiations, and advice on various aspects of operating and marketing the hotel property.

### **Property Condition Assessment**

A property condition assessment is an analysis that assesses the general physical condition and maintenance status of an existing building and property. This survey provides recommendations for repair/renovation with cost estimates. This survey gives

receivers, owners, and lenders the opportunity to stabilize and protect the value of their hotels. Additionally, brokers can utilize hotel physical condition assessment surveys to enhance their property offering materials.

As Director of Development Services for Hotel & Leisure Advisors, Eric B. Hansen is a licensed architect and hospitality consultant. He and his staff leverage their knowledge of the development process and their financial acumen to assess and communicate the appropriate direction for a project.

### **Other Development Services**

Hotel & Leisure Advisors offers other development related services on an as-needed basis. For site analyses and reviews, we research potential locations for lodging and leisure facilities, prepare a detailed analysis on the location, and review performance of comparable properties. Studies include analyzing traffic counts, access to the site, visibility, proximity and travel time, nearby visitor attractions, nearby corporate and group demand generators, and access to convention and event facilities. We analyze primary leisure, group, and commercial attractions and organizations within the market to identify distances from the site to potential demand generators.

Hotel & Leisure Advisors also provides the following development services:

- Site Verification
- RFQ/RFP Preparation
- Hotel Brand Facilitator
- Hotel Brand Selection Assistance
- Hotel Brand Compliance Services
- Product Research Assistance

Our services help the developer, corporate brand franchisor, and/or owner with their development needs.

### **Seminars, Presentations, and Industry Research**

David J. Sangree and Eric Hansen have presented at seminars for a range of national hotel, waterpark, and amusement conferences. The consultants of H&LA are available to lead seminars and presentations for various organizations concerning hospitality industry topics or about a specific topic for a company or organization.

Hotel & Leisure Advisors conducts industry research concerning the hospitality industry on a wide range of topics. Our consultants have written numerous publications about various topics in the hospitality industry, including indoor waterpark resorts, hotel capitalization rates, hotel impact studies, management fees in hotels, overviews on various markets within the United States, and other topics.

*Hotel & Leisure Advisors specializes in hotels, resorts, waterparks, amusement parks, casinos, golf courses, restaurants, conference and convention centers, ski resorts, and other leisure real estate. Our focus on these property types provides our clients with access to the latest industry trends and resources.*

### **Hotels & Resorts**

- We have analyzed more than 2,000 existing and proposed hotels and resorts and have studied various markets throughout the United States, Canada, and the Caribbean.
- We have experience with a wide range of property types and hotel franchises.
- We have databases of thousands of hotel and resort financial statements, casino financial statements, sales comparables, and performance data

### **Indoor Waterpark Resorts, Waterparks, & Amusement Parks**

- David J. Sangree is a recognized expert on indoor waterpark resorts and has visited most of the indoor waterpark properties in the United States and Canada.
- He has been a featured speaker and roundtable participant at industry conferences sponsored by the World Waterpark Association, International Association of Amusement Parks and Attractions, Aquatics International, and the International Society of Hospitality Consultants.
- H&LA has completed more than 200 studies of hotels and resorts with waterparks. H&LA has analyzed a range of waterparks and amusement parks with annual attendance from 50,000 to over 2,000,000 people.

### **Golf Courses**

- We have analyzed a mixture of stand-alone golf courses, golf course resorts, and golf course residential developments throughout the United States.
- Our consultants are members of the National Golf Foundation.
- We maintain databases of golf course financial statements and sales comparables.

### **Ski Resorts**

- We have analyzed a wide range of ski resorts in the northeastern United States.
- Our consultants are members of the National Ski Areas Association.
- We maintain databases of ski resort financial statements and sales comparables.

### **Restaurants**

- We have analyzed a wide range of restaurants throughout the United States.
- Our staff has extensive work experience in a wide range of restaurants including chain-style and high-end facilities

### **Conference, Convention, & Exposition Centers**

- We have conducted studies on larger conference and convention centers located in major metropolitan areas, as well as smaller conference centers in hotels.
- We have completed feasibility studies for proposed facilities and appraisals of existing centers.

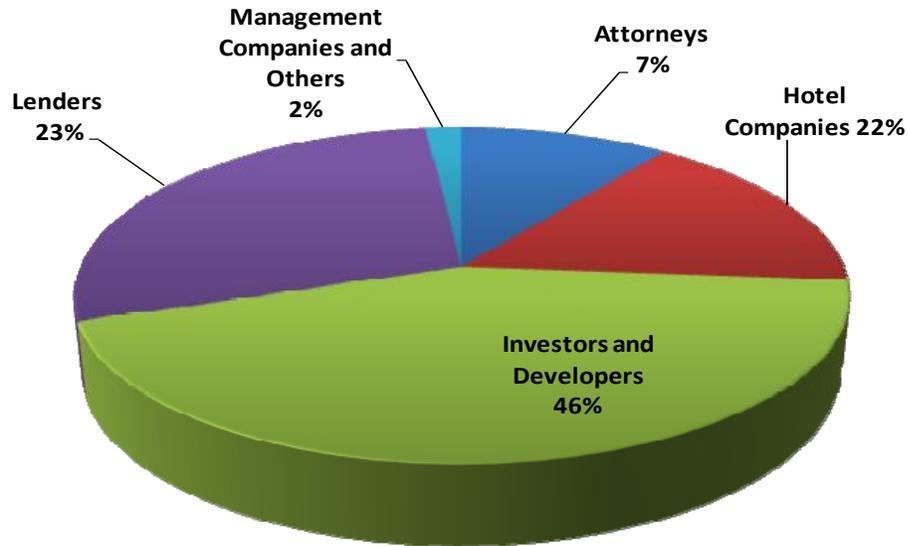
*Hotel & Leisure Advisors' unique position in the hospitality industry allows us to access many resources that give more depth to the reports we prepare for our clients. We utilize the following resources:*

- Reliable contacts with developers, lenders, architects, and franchise companies that provide information on performance, fees, and new supply information
- Financial statements database of more than 1,000 hotels and resorts throughout the United States and Canada
- Hotel sales database that contains more than 8,000 sales across a wide range of prices and brands
- Financial statements database and sales database for casino properties located throughout the United States including Native American owned properties
- Financial statements database and sales database for existing indoor waterpark resorts
- Updated list of new indoor waterpark resorts proposed in the U.S. and Canada
- World Waterpark Association and the International Association of Amusement Parks and Attractions memberships, which provide extensive data and research concerning indoor and outdoor waterparks, amusement parks, and family entertainment centers
- Financial and usage databases for outdoor waterparks, amusement parks, and family entertainment centers
- Smith Travel Research, PKF Trends, Lodging Econometrics, and other hotel data sources
- Golf course financial statements and golf course sales database
- Statistical data concerning the performance of golf courses from National Golf Foundation, Pellucid, and others
- Ski Resort financial statements database and ski resort sales database
- Ski resort data from National Ski Areas Association, RRC Associates, and others
- National Restaurant Association and related statistical restaurant data
- International Association of Assembly Managers, *Meetings Magazine*, and other sources that profile the meetings industry
- American Resort Development Association provides extensive information concerning timeshare and fractional interest resorts

Our consultants continue to find additional resources that provide valuable information for our clients and the respective projects we are analyzing.

*Hotel & Leisure Advisors works with a wide range of developers, investors, hotel companies, lenders, management companies, attorneys, and others in providing appraisals, market feasibility studies, impact studies, and other consulting reports. The following chart represents a breakdown of our clients by category.*

*If you would like specific references relevant to your type of project, please contact us.*



**Breakdown of Client Types**

**Highlights**

**Developers and Investors**

- Scott Enterprises
- CNL Lifestyle Companies
- Kalahari Resorts
- Ho-Chunk Gaming

**Hotel Companies**

- Best Western International
- Choice Hotels International
- Marriott International

**Management Companies**

- Hostmark Hospitality Group
- Cedar Fair
- Great Wolf Resorts
- Winegardner and Hammons

**Lenders**

- Wells Fargo
- US Bank
- Deutsche Bank
- M&T Bank

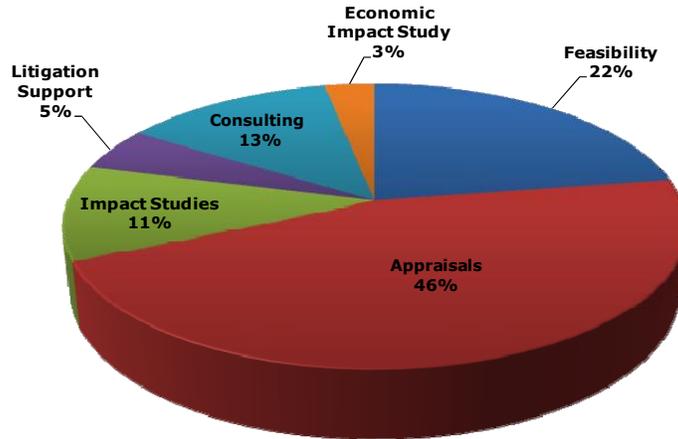
**Attorneys**

- Baker Hostetler
- Squire, Sanders & Dempsey
- Britton Smith Peters & Kalail

**Other**

- Ohio Department of Transportation
- Michigan State University
- Columbus Airport Authority
- FDIC

*Our studies have taken us all across the United States and Canada. We have analyzed an extensive range of property types with a particular emphasis on hotels and waterparks. The chart below shows the types of assignments we have performed for our clients.*



**Breakdown of Assignment Types**

*We cover all segments of the hospitality industry and give expert analysis about hotels, waterparks, golf courses, ski resorts, restaurants, amusements parks, casinos, and conference and convention centers. The following highlights a small sample of properties we have studied in recent years. For a complete list of all of our projects by state, please visit our website at <http://www.hladvisors.com/projects.htm>.*

**Hotels**

- Intercontinental Hotel – Boston, MA
- Westin Hotel – Chicago, IL
- Hotel Portfolio (9 properties) Various States
- Courtyard by Marriott – Cleveland, OH

**Waterpark Resorts**

- Kalahari Resort – Wisconsin Dells, WI
- Great Wolf Lodge – Concord, NC
- Key Lime Cove – Gurnee, IL
- Myrtle Waves Waterpark – Myrtle Beach, FL

**Ski Resorts**

- Greek Peak Ski Resort – Virgil, NY
- Peek n Peak Ski Resort – Findley Lake, NY
- Mountain Creek Ski Resort – Vernon, NJ

**Conference Centers**

- LaVista Conference Center – La Vista, NE
- I-X Convention Center – Cleveland, OH
- Proposed Conference Center – Columbus, IN

**Resorts and Casino Resorts**

- Peabody Hotel – Memphis, TN
- Wheeling Island Hotel, Casino, and Racetrack - WV
- Homestead Resort – Hot Springs, VA
- Marriott Resort – Orlando, FL

**Golf Courses**

- Keswick Club – Keswick, VA
- Stallion Mountain Country Club – Las Vegas, NV
- Red Tail Golf Club – Avon, OH
- Jack Frost National Golf Course – Blakeslee, PA

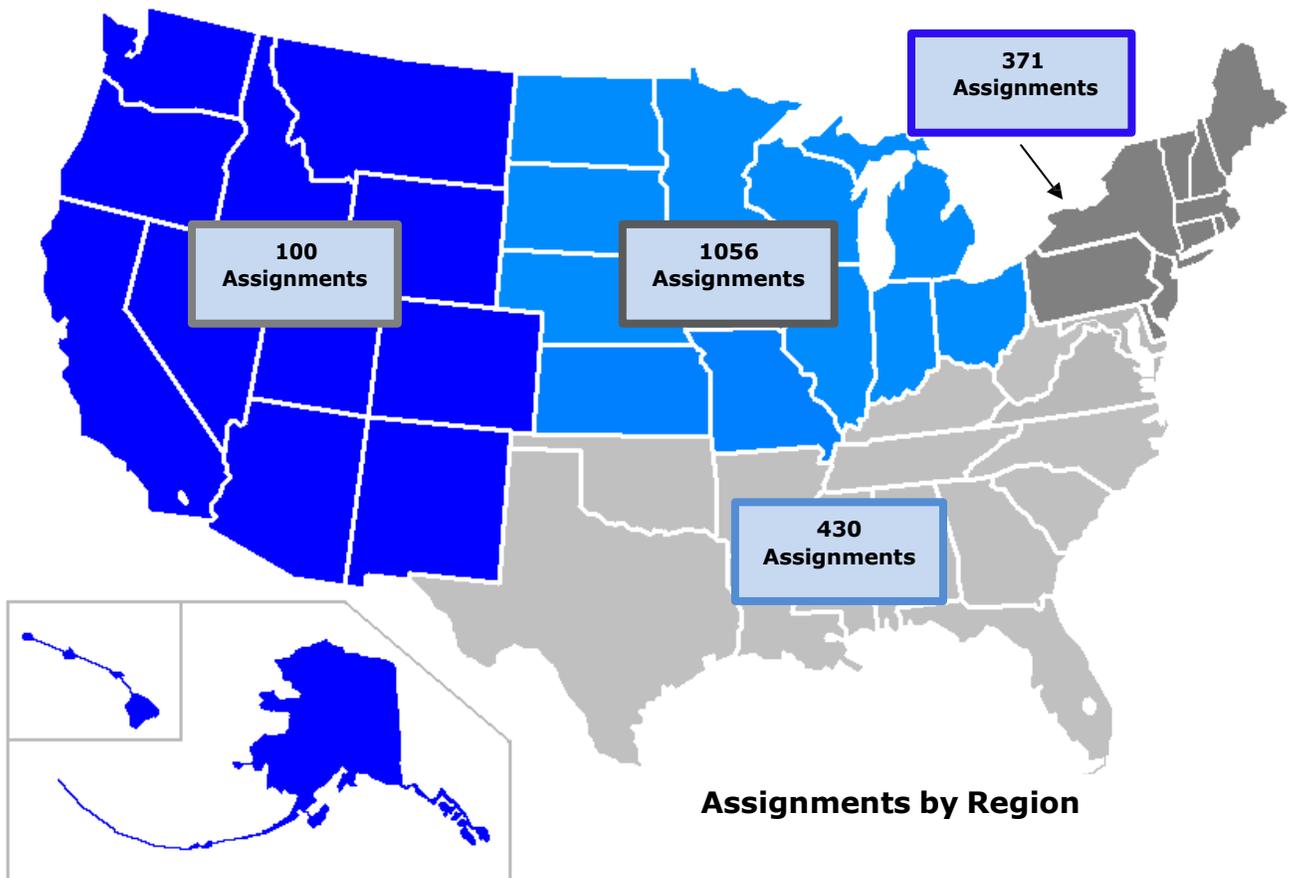
**Amusement Parks**

- Magic Springs Amusement Park – Hot Springs, AR
- Cypress Gardens Amusement Park – Winter Haven, FL
- Elitch Gardens Amusement Park – Denver, CO

**Restaurants**

- 21 Club – New York, NY
- McDonald’s Restaurants – Cleveland, OH
- Quaker Steak and Lube – Erie, PA

*H&LA works across the United States and Canada and in other international locations. This map highlights the number of assignments our consultants have worked on in the different regions of the United States. For a complete list of assignments in the United States and internationally, please review the H&LA website at <http://www.hladvisors.com/projects>.*



*Hotel & Leisure Advisors is a team of qualified appraisal professionals and support staff with more than 100 combined years of experience in the hospitality industry. Our knowledge of hospitality industry trends, access to superb resources, and experience result in detailed, functional, and informative reports for our clients.*

**David J. Sangree, MAI, CPA, ISHC - President**

Mr. Sangree's expertise is in the appraisal and analysis of hotels, resorts, indoor and outdoor waterparks, amusement parks, casinos, conference centers, golf courses, restaurants, ski resorts, and other leisure real estate. He has completed studies on more than 2,000 existing and proposed hotels throughout North America in all price ranges, including economy, full-service, extended-stay, luxury hotels, resorts, and indoor waterpark resorts. Since 1987, Mr. Sangree has provided consulting services to banks, hotel companies, developers, management companies, and other parties involved in the lodging and leisure sectors throughout the United States, Canada, and the Caribbean. He is a state certified general appraiser in Ohio and many other states.

Mr. Sangree was formerly employed by US Realty Consultants in Cleveland and Columbus, Pannell Kerr Forster in Chicago, and Westin Hotels in Chicago, New York, Fort Lauderdale, and Cincinnati. Mr. Sangree received his Bachelor of Science degree from Cornell University School of Hotel Administration in 1984.

He has spoken at many seminars throughout the United States, has written numerous articles, and is frequently quoted in magazines and newspapers about the hospitality and waterpark industry. He has appeared on *Good Morning America* and *CNBC* in segments profiling resorts and waterparks. Mr. Sangree has twice been named one of *Aquatics International Magazine's "Power 25,"* an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends.

**Eric B. Hansen, AIA, ISHC – Director of Development Services**

Mr. Hansen offers 18 years of hospitality experience, working throughout the United States to provide consulting services for the hospitality industry. Along with skills in preparing consulting reports and designing hospitality properties, he has expertise in site planning and development services, planning and zoning expert witness testimony, jurisdictional due diligence, and PIP analysis. He has worked with various hotel company corporate offices and has extensive knowledge of brand criteria.

Mr. Hansen received his Bachelor of Architecture from the University of Cincinnati in 1989 and a certification in Hotel Financial Management from the Cornell University School of Hotel Administration Professional Development Program in 2007. Mr. Hansen was formerly employed by Cole + Russell Architects, Inc., as the Director of the C+RA Hospitality Studio. With a foundation in financial management, appraisal theory, and hospitality consulting, Mr. Hansen brings well-rounded expertise to various H&LA assignments and assists clients with their pre-development, consulting, and valuation needs.

**Laurel A. Keller – Director of Appraisal & Consulting Services**

Ms. Keller has been a hospitality consultant and appraiser since 2001, and has completed over 200 assignments in 32 states. She has appraised individual assets ranging in value from less than \$1,000,000 to well over \$100,000,000. She has held management positions with the Sheraton Cleveland Airport Hotel, the Sheraton Cleveland City Center Hotel, the Avon Oaks Country Club in Avon, Ohio, and the Onwentsia Country Club in Lake Forest, Illinois.

Ms. Keller manages projects completed by other associates and testifies at hearings regarding appraisals completed. She has generated appraisals, market feasibility studies, economic impact studies, operational reviews, and impact studies for a wide variety of leisure and hospitality oriented property types. Ms. Keller received her Bachelor of Science in Hospitality Management from Purdue University in 1997. She is a Certified General Real Estate Appraiser in Ohio and is currently working towards her MAI designation from the Appraisal Institute.

**Joseph Pierce – Director of Appraisal & Consulting Services**

Joseph Pierce has been a hospitality consultant and appraiser since 2003. He has completed appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States. Mr. Pierce has a wide range of experience in operations and accounting for hotels and resorts. Mr. Pierce was a Controller and Director of Finance and Accounting for Clarion, Renaissance, Marriott, and Westin Hotels. He also managed The Talbott Hotel, an independently-owned hotel in Chicago. Mr. Pierce received an MBA from Michigan State University's hospitality program in 1981 and a Bachelor of Science in Accounting from the State University of New York at Brockport in 1978. He is a Certified General Real Estate Appraiser in Ohio, Michigan and Pennsylvania.

**Nuresh Maredia – Project Manager**

Mr. Maredia is a hospitality consultant and appraiser and has completed assignments in over 30 states. Since joining Hotel & Leisure Advisors, Mr. Maredia has completed over 100 studies. He has generated appraisals, market feasibility studies, economic impact studies, and hotel impact studies for a wide variety of leisure and hospitality oriented property types. Mr. Maredia has a wide range of experience in hotels and resorts. He has worked in management positions at a hotel and restaurant in Texas and has also helped operate and manage four independent hotels near Mumbai, India. He has been a hospitality consultant since 2006. Mr. Maredia received a Masters of Science in Hospitality Business in 2005 and a Bachelor of Arts in Business Finance in 2003 from Michigan State University. He is a Certified General Real Estate Appraiser in Ohio, Michigan, and Texas.

**Kyle Mossman – Senior Research Analyst**

Mr. Mossman researches various hospitality-related topics for the firm and performs reviews and math checks of reports and prepares demographic and business analysis. He is a 1999 graduate of Otterbein College and obtained his Master's Degree in Library and Information Science from Kent State University in 2006.

**Heidi Banak – Research Analyst/Administrative Assistant**

Ms. Banak provides administrative support, conducts hospitality research, and performs reviews and math checks of reports. She manages our website and other communications and assists with marketing. She received a Bachelor of Arts from Kent State University in 2003.

**Hollie Gibbs – Research Analyst**

Ms. Gibbs provides research and administrative support to Hotel & Leisure Advisors' staff members and performs reviews and math checks of reports. She received her Bachelor of Science degree in Journalism and Mass Communication from Kent State University.

**Laura M. Sangree – Business Manager**

Mrs. Sangree manages accounting, human resources, and technology functions for Hotel & Leisure Advisors. She received an MBA from the University of Chicago in 1988 and a Bachelor of Arts from The College of Wooster in 1984.

**Elaine Simon – Research Analyst**

Ms. Simon provides research and administrative support and performs reviews and math checks of reports. She previously worked for Hotel Management Magazine, Hotel Design Magazine, and Hotel News Now. She received a Bachelor of Science degree in Journalism and Mass Communication from Kent State University in 1996.

## **David J. Sangree, MAI, CPA, ISHC**

President  
Hotel & Leisure Advisors, LLC  
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Cleveland, Ohio 44107-3921  
Phone: 216-228-7000 ext. 20  
Fax: 216-228-7320  
E-mail: dsangree@hladvisors.com  
www.hladvisors.com

### **Professional Affiliations**

International Association of Amusement Parks and Attractions (IAAPA)  
World Waterpark Association (WWA)  
WWA's Waterpark Resort Task Force  
Appraisal Institute, MAI (Former President, Northern Ohio Chapter)  
The Appraisal Journal Review Panel  
American Institute of Certified Public Accountants (AICPA)  
Cornell Hotel Society (Past Treasurer - Chicago, IL chapter)  
International Society of Hospitality Consultants (ISHC)  
Ohio Hotel and Lodging Association  
National Golf Foundation  
National Ski Areas Association

### **Education**

Bachelor of Science, Hotel Administration, Cornell University, 1984  
Various International Society of Hospitality Consultants, Appraisal Institute, & CPA continuing education courses

### **State Certification**

Certified as a General Real Estate Appraiser in the states of Ohio, Michigan, Illinois, New York, Pennsylvania, Kentucky, Georgia, Texas, Virginia and Wisconsin. Temporary certification available in all other states.  
Certified as a Public Accountant in the state of Ohio

### **Experience**

- President, Hotel & Leisure Advisors, Cleveland, Ohio, since 2005
- Director of Hospitality Consulting and Principal, US Realty Consultants, Inc., Cleveland, Ohio, 2001-2005
- Director of Hospitality Consulting, US Realty Consultants, Inc., Columbus, Ohio, 1992-2001
- Financial & Training Consultant, Malawi National Credit Union League (US Peace Corps), Malawi, Africa, 1989-1991
- Senior Consultant in the Hospitality Group, Pannell Kerr Forster, Chicago, Illinois, 1987-1989

- Management positions with four Westin Hotels and Resorts in Cincinnati, Chicago, New York, and Fort Lauderdale, 1983-1987

Mr. Sangree's expertise is in the feasibility analysis and appraisal of hotels, resorts, indoor waterpark resorts, waterparks, amusement parks, conference centers, ski resorts, casinos, and golf courses. He has performed studies on more than 1,000 existing and proposed hotels in more than 46 states in all price ranges including economy, full-service, extended-stay, and luxury hotels and resorts including indoor waterpark resorts.

He has extensive experience in performing market and feasibility studies, impact analysis, appraisals, economic impact studies, financial analysis and performance projections, site selection, and financial reviews for hospitality properties. He has been an active appraiser/consultant since 1987 and also has 10 years of work experience in the hotel/restaurant industry including management positions with four Westin Hotels properties. He is active in the analysis and valuation of land and other income-producing property types including multi-property portfolios.

Mr. Sangree is a nationally recognized expert on waterpark resorts and has visited most of the open waterpark properties in the United States and Canada. He has performed more than 200 studies of hotels and resorts with indoor waterparks since 1999, and he maintains a database of statistical information concerning indoor and outdoor waterpark resorts. Mr. Sangree was named in 2008 one of *Aquatics International Magazine's* "Power 25." *Aquatics International* publishes an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends. Mr. Sangree has appeared on Good Morning America and CNBC on special reports concerning resorts and waterparks.

### **Recently Published Articles**

- "Top 10 Largest Hotel Brands Average Sale Prices" *Hotel News Now*, September 2011
- "Waterpark Resorts Supply and Demand 2011 Update" *Hotel News Now*, August 2011
- "The Lodging Market is Improving in Ohio's Big Cities" *Hotel Online*, September 2010
- "Waterpark Resorts Supply and Demand 2010 Update" *Hotel Online*, June 2010
- "Financing your Indoor Waterpark Resort in 2010" *Hotel News Now*, June 2010
- "2009 Median Hotel Prices Plummet – Is it Time to Appeal Your Property Taxes?" *Hotel Online*, November 2009
- "Financing Your Indoor Waterpark Resort in 2009" *Hotel Online*, September 2009
- "Outdoor Waterparks: Private vs. Municipal" *Aquatics International*, September, 2009
- "Indoor Waterpark Supply and Demand Mid-Year 2009 Update" *Hotel Online*, July 2009
- "Indoor Waterpark Resort Supply Grows and Faces Challenges in 2009" *Hotel News Now* February, 2009
- "Dealing With the Economic Downturn: 10 Ideas for Hotels and Resorts" *Hotel Online*, December, 2008
- "Cleveland's Second Wind: 2008 Overview" *Hotel Online*, September, 2008
- "Financing Your Indoor Waterpark," *World Waterpark Association's 2008 Development and Expansion Guide*
- "Indoor Waterparks Surfing a Wave in North America in '08" *Hotel Online*, July 2008 and *Water Leisure and Lodging*, July, 2008
- "Economic Impact Studies Help Land Financing" *Hotel Motel Management*, May 2008
- "Unique Ways for Resorts to Radically Increase Revenue" *Developments Magazine an ARDA Publication*, April, 2008
- "Indoor Waterparks Supply and Demand Growth in '07," *Lodging Hospitality*, September 2007

"Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '07*

"Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '07 and Hotel Online*, August 2007

"Indoor Waterparks Make a Bigger Splash in North America," *Water Leisure & Lodging 2007 and Hotel Online*, July 2007

"Waterpark Resorts Top 10 by Revenue," *Waterpark Resorts Today Annual IT Book*, 2007-2008

"Number of Indoor Waterpark Destination Resorts Grow in 2007," *Hotel Online*, February 2007

"Riding the Wave, Indoor Waterpark Resort Numbers Increase in '06" *Water Leisure and Lodging and Hotel Online*, September 2006

"Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006

"Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006

"Adding a Waterpark to a Hotel: Is it a Good Idea?" *Hotel & Motel Management*, June 2006

"Midwest Whets Appetite for Indoor Waterparks," *Heartland Real Estate Business*, May 2006

"Ohio's Lodging Market: Historical Analysis & 2006 Forecast," *Hotel Online*, March 2006

"Indoor Waterparks and Hotels, a Case Study," *Hotel Investment Issues and Perspectives Fourth Edition*, January 2006 & *Hotel Online*, February, 2006

Quoted extensively in *CNN.com*, *Columbus Business First*, *Columbus Monthly*, *Hotel Business*, *Chicago Sun Times*, *Columbus Dispatch*, *Cleveland Crain's*, *Cleveland Plain Dealer*, *Cincinnati Business Courier*, *Fort Myers News-Press*, *Hotel Interactive*, *Cornell Hotel and Restaurant Quarterly*, *Meeting News*, *Aquatics International*, *Midwest Real Estate News*, *New York Times*, *CNBC*, *Albany Times Union*, *RCI Ventures*, *Time Magazine*, *USA Today*, and other publications. He has appeared on *CNBC* and *ABC* on segments concerning resorts and waterparks.

### **Recent Speaking Engagements**

"Waterpark Resorts Market and Feasibility Analysis" October 2011 at the World Waterpark Association Annual Convention in New Orleans, LA

"Cleaning up Hotel Distress" July 2011 at the Midwest Lodging Investors Summit in Chicago, IL

"Waterpark Resorts Market and Feasibility Analysis" October 2010 at the World Waterpark Association Annual Convention in San Antonio, TX

"Valuation Issues Affecting Hotel Properties in the Current Real Estate Economy" August 2010 at the Institute for Professionals in Taxation in Cleveland, OH

"Indoor Waterpark Resorts: Where Are the Opportunities?"

July 2010 at the Midwest Lodging Investors Summit in Chicago, IL

"Opportunities for Innovation" April 2010 at the Cornell University School of Hotel Administration's Hotel Ezra Cornell (HEC) conference, Ithaca, NY

"How to Analyze the Market and Determine Economic Feasibility" October 2009 at the World Waterpark Association Development Workshop in Orlando, FL

"Case Study Presentation on Performing a Market Feasibility Study" October 2009 at the International Society of Hospitality Consultants annual conference in Québec City

"Insights into 2010 Market Performance" October 2009 - a video segment on Hotel News Network interviewing Mr. Sangree along with other leading ISHC consultants

"Hotel Financing Track - Taking Advantage of Distress: Where are the Opportunities?" July 2009 at the Midwest Lodging Investors Summit in Chicago, IL

"How to Analyze the Market and Determine Economic Feasibility" October 2008 at the World Waterpark Association Development Workshop in Las Vegas, NV

"Indoor Waterpark Resorts" July 2008 at the Midwest Lodging Investors Summit in Chicago, IL

"Seminar on Hospitality Industry" February 2008 at the Northern Ohio Chapter of the Appraisal Institute quarterly meeting in Cleveland, OH

"Challenges of Obtaining Financing for Indoor Waterpark Resorts," November 2007 at the World Resort Leadership and Development Conference in Orlando, FL

"How to Analyze the Market and Determine Economic Feasibility," October 2007 at the World Waterpark Association Conference in Palm Springs, CA

"Industry Outlook and Trends," October 2007 at the World Waterpark Association Conference in Palm Springs, CA

Port Clinton Ohio City Council Meeting, Provided description of resort feasibility study and economic impact study performed for the city council and attendees in September and October, 2007

"Water Park Wars" An in depth news segment on Good Morning America on June 23, 2007 featured Mr. Sangree as an interviewee

### **Litigation Assignments Involving Expert Testimony**

Franklin County Board of Revision  
(2011)  
Re: Sheraton Suites, Columbus, Ohio

Board of Review Tax Appeal, Lake  
Delton, Wisconsin (2009)  
Re: Great Wolf Lodge Wisconsin Dells

Nebraska Tax Equalization and Review  
Commission (2011)  
Re: LaVista Conference Center, LaVista,  
Nebraska

Board of Revisions Tax Appeal (2008)  
Re: Residence Inn, Cleveland, Ohio

State of Virginia Circuit Court (2011)  
Re: Keswick Club, Charlottesville,  
Virginia

Marion County Indiana Superior Court  
(2008)  
Re: Indiana Stadium and Convention  
Building Authority vs. Michael A. Maio

Licking County Board of Revision (2010)  
Cherry Valley Lodge and CoCo Key  
Indoor Waterpark, Newark, Ohio

New York Supreme Court, Niagara  
County (2008)  
Re: Splash Outdoor Waterpark

Ohio Board of Tax Appeals (2010)  
Re: Doubletree Hotel, Independence,  
Ohio

State of Virginia Circuit Court (2005 and  
2008)  
Re: Keswick Club, Charlottesville,  
Virginia

Ohio Board of Tax Appeals (2010)  
Re: Courtyard Hotel, Willoughby, Ohio

Board of Revision Tax Appeal (2006)  
Re: Five Seasons Country Club,  
Cincinnati, Ohio

San Diego Superior Court (2010)  
Re: La Costa Resort and Spa, Carlsbad,  
California

Board of Revision Tax Appeals (2005)  
Re: Various Residence Inns, Hilton  
Garden Inn, Embassy Suites, Cuyahoga  
County, Ohio

Board of Revisions Tax Appeal (2010)  
Re: Crowne Plaza and Fairfield Inn,  
Sharonville, Ohio

United States Bankruptcy Court (2004)  
Re: Days Inn, Monroeville, Pennsylvania

United States Bankruptcy Court (2010)  
Re: Peek 'n Peak Resort, Findley Lake,  
New York

State of Florida Circuit Court (2004)  
Re: Howard Johnson Plaza, Orlando,  
Florida

Board of Revision Tax Appeal (2003)  
Re: Preston Hotel, Sharonville, Ohio

College Park Holdings, LLC versus  
RaceTrac Petroleum, Inc. (2002)  
Re: Radisson Hotel-Old National  
Highway, College Park, Georgia

Board of Revision Tax Appeal (2003)  
Re: Radisson Gateway Hotel, Cleveland,  
Ohio

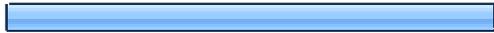
Nationwide Insurance versus Motor Inn,  
Inc. (2003)  
Re: Drawbridge Inn, Fort Mitchell,  
Kentucky

## **ADDENDUM II**

## 1. Do you have visiting employees or clients who currently stay at area hotels?

		Response Percent	Response Count
Yes		79.4%	27
No		20.6%	7
answered question			34
skipped question			0

## 2. Would visiting clients or employees stay at a new hotel in Lakewood?

		Response Percent	Response Count
Yes		42.9%	3
Maybe		42.9%	3
No		14.3%	1
answered question			7
skipped question			27

**3. How many hotel room nights per year do your visitors need? (Multiply the number of rooms per night by the number of nights they are used)**

	Response Average	Response Total	Response Count
Annual room nights	75.50	1,812	24
	answered question		24
	skipped question		10

**4. When do your visitors typically need hotel rooms? Check all that apply**

	Response Percent	Response Count
Weekends - not holidays 	33.3%	8
<b>Weekdays - not holidays</b> 	<b>83.3%</b>	<b>20</b>
Holidays 	8.3%	2
	Other (please specify)	1
	answered question	24
	skipped question	10

## 5. On what holidays do they visit?

		Response Percent	Response Count
Spring School Break		50.0%	4
Memorial Day		37.5%	3
Independence Day		12.5%	1
Labor Day		12.5%	1
Thanksgiving		50.0%	4
<b>Winter School Break</b>		<b>75.0%</b>	<b>6</b>
	Other (please specify)		3
		<b>answered question</b>	<b>8</b>
		<b>skipped question</b>	<b>26</b>

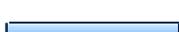
6. What hotels in WESTLAKE do your visitors currently use? Check all that apply.

		Response Percent	Response Count
Courtyard by Marriott		65.0%	13
Extended Stay Deluxe		10.0%	2
<b>Hampton Inn</b>		<b>70.0%</b>	<b>14</b>
Holiday Inn		60.0%	12
Red Roof Inn		10.0%	2
Residence Inn		15.0%	3
Super 8		5.0%	1
TownPlace Suites		5.0%	1
Unsure		10.0%	2
Other (please specify)		0.0%	0
		<b>answered question</b>	<b>20</b>
		<b>skipped question</b>	<b>14</b>

7. What hotels in the AIRPORT area do your visitors currently use? Check all that apply.

		Response Percent	Response Count
Comfort Inn		0.0%	0
Courtyard by Marriott		38.1%	8
Crowne Plaza		14.3%	3
Days Inn		4.8%	1
<b>Hilton Garden Inn</b>		<b>42.9%</b>	<b>9</b>
Holiday Inn		19.0%	4
La Quinta		4.8%	1
<b>Marriott</b>		<b>42.9%</b>	<b>9</b>
Red Roof Inn		4.8%	1
Residence Inn		9.5%	2
Sheraton		19.0%	4
TownPlace Suites		4.8%	1
Unsure		14.3%	3
Other (please specify)		0.0%	0
<b>answered question</b>			<b>21</b>
<b>skipped question</b>			<b>13</b>

8. What hotels in DOWNTOWN CLEVELAND do your visitors currently use? Check all that apply.

		Response Percent	Response Count
Comfort Inn		5.0%	1
Doubletree Hotel		35.0%	7
Embassy Suites		15.0%	3
Hampton Inn		15.0%	3
Hilton Garden Inn		30.0%	6
Holiday Inn Express		20.0%	4
Hyatt Regency		25.0%	5
<b>Marriott</b>		<b>40.0%</b>	<b>8</b>
Radisson Hotel		15.0%	3
Renaissance Hotel		35.0%	7
Residence Inn		10.0%	2
Ritz Carlton		30.0%	6
Wyndham Hotel		20.0%	4
Unsure		15.0%	3
Other (please specify)		0.0%	0
<b>answered question</b>			<b>20</b>

**9. What hotels in the LAKEWOOD / BROOKLYN / OTHER areas do your visitors currently use? Check all that apply.**

		Response Percent	Response Count
Lakewood - Days Inn		20.0%	3
Lakewood - Travelodge		26.7%	4
Brooklyn - Extended Stay America		6.7%	1
Brooklyn - Hampton Inn		6.7%	1
<b>Unsure</b>		<b>33.3%</b>	<b>5</b>
<b>Other (please specify)</b>		<b>33.3%</b>	<b>5</b>
		<b>answered question</b>	<b>15</b>
		<b>skipped question</b>	<b>19</b>

### 10. How likely is it that your employees or clients would choose a hotel in Lakewood instead of their current location?

	Very Likely	Somewhat Likely	Not Sure	Somewhat Unlikely	Very Unlikely	Rating Average	Response Count
	<b>65.4% (17)</b>	26.9% (7)	7.7% (2)	0.0% (0)	0.0% (0)	1.42	26

Comment 5

<b>answered question</b>	<b>26</b>
<b>skipped question</b>	<b>8</b>

### 11. How important are these factors when your visitors are choosing a hotel?

	Very Important	Somewhat Important	Neither Important nor Unimportant	Somewhat Unimportant		Response Count
Price	30.8% (8)	<b>61.5% (16)</b>	7.7% (2)	0.0% (0)	0.0% (0)	26
Amenities (restaurant, pool, etc.)	19.2% (5)	<b>53.8% (14)</b>	19.2% (5)	0.0% (0)	7.7% (2)	26
Brand name	20.0% (5)	<b>52.0% (13)</b>	20.0% (5)	4.0% (1)	4.0% (1)	25
Location	<b>76.9% (20)</b>	19.2% (5)	3.8% (1)	0.0% (0)	0.0% (0)	26

Other (please specify) 2

<b>answered question</b>	<b>26</b>
<b>skipped question</b>	<b>8</b>

**12. What is the average room rate your visitors would be willing to pay? Check all that apply.**

		Response Percent	Response Count
Less than \$75		15.4%	4
<b>\$75 to \$100</b>		<b>53.8%</b>	<b>14</b>
\$100 to \$125		42.3%	11
More than \$125		15.4%	4
	Comments		1
		<b>answered question</b>	<b>26</b>
		<b>skipped question</b>	<b>8</b>

**13. Does your organization hold meetings or other group events?**

		Response Percent	Response Count
Yes		73.1%	19
No		26.9%	7
		<b>answered question</b>	<b>26</b>
		<b>skipped question</b>	<b>8</b>

### 14. How often do you have meetings or events?

		Response Percent	Response Count
Once per year		22.7%	5
<b>2 to 6 times per year</b>		<b>68.2%</b>	<b>15</b>
7 to 12 times per year		4.5%	1
More than 12. Indicate number of events annually below.		4.5%	1
		<b>answered question</b>	<b>22</b>
		<b>skipped question</b>	<b>12</b>

### 15. What type of meetings or events do you hold?

	Response Count
	19
<b>answered question</b>	<b>19</b>
<b>skipped question</b>	<b>15</b>

## 16. How many attendees or guests do you typically host per meeting or event?

		Response Percent	Response Count
Less than 10		18.2%	4
<b>11 to 25</b>		<b>45.5%</b>	<b>10</b>
26 to 50		13.6%	3
51 to 100		13.6%	3
101 to 200		0.0%	0
More than 200. Indicate the number below.		9.1%	2
		<b>answered question</b>	<b>22</b>
		<b>skipped question</b>	<b>12</b>

### 17. Do you typically purchase meals during these meetings or events?

		Response Percent	Response Count
Yes		50.0%	11
Sometimes		27.3%	6
No		22.7%	5
answered question			22
skipped question			12

### 18. What meeting facilities or banquet halls do you currently use?

	Response Count
	18
answered question	18
skipped question	16

## 19. How important are these amenities to you and your visitors?

	Very Important	Somewhat Important	Neither Important nor Unimportant	Somewhat Unimportant	Very Unimportant	Rating Average	Response Count
Free breakfast (included)	23.8% (5)	28.6% (6)	<b>33.3% (7)</b>	9.5% (2)	4.8% (1)	2.43	21
Bar / lounge	23.8% (5)	<b>42.9% (9)</b>	19.0% (4)	9.5% (2)	4.8% (1)	2.29	21
Full-service restaurant	4.5% (1)	<b>45.5% (10)</b>	36.4% (8)	9.1% (2)	4.5% (1)	2.64	22
Whirlpool	4.8% (1)	9.5% (2)	<b>47.6% (10)</b>	19.0% (4)	19.0% (4)	3.38	21
Indoor pool	0.0% (0)	<b>28.6% (6)</b>	<b>28.6% (6)</b>	19.0% (4)	23.8% (5)	3.38	21
Business center	28.6% (6)	<b>61.9% (13)</b>	9.5% (2)	0.0% (0)	0.0% (0)	1.81	21
Fitness center	9.1% (2)	<b>45.5% (10)</b>	31.8% (7)	4.5% (1)	9.1% (2)	2.59	22
Meeting rooms	36.4% (8)	<b>54.5% (12)</b>	9.1% (2)	0.0% (0)	0.0% (0)	1.73	22
Free wi-fi	<b>54.5% (12)</b>	36.4% (8)	0.0% (0)	9.1% (2)	0.0% (0)	1.64	22
					Other (please specify)		1
						<b>answered question</b>	<b>22</b>
						<b>skipped question</b>	<b>12</b>

**20. Space is at a premium in Lakewood. How much would your visitors be willing to pay for off-street parking?**

	\$0	\$1 - \$5 per 24 hours	\$6 - \$10 per 24 hours	More than \$10	Rating Average	Response Count
	9.1% (2)	36.4% (8)	<b>45.5% (10)</b>	9.1% (2)	2.55	22
	<b>answered question</b>					<b>22</b>
	<b>skipped question</b>					<b>12</b>

**21. Which would you prefer as an employer or organization in Lakewood?**

	Strongly Prefer Brand Name	Somewhat Prefer Brand Name	No Preference	Somewhat Prefer Independent	Strongly Prefer Independent	Rating Average	Response Count
	22.7% (5)	<b>50.0% (11)</b>	13.6% (3)	9.1% (2)	4.5% (1)	2.23	22
	<b>answered question</b>						<b>22</b>
	<b>skipped question</b>						<b>12</b>

**22. Which do you think visitors would prefer?**

	Strongly Prefer Brand Name	Somewhat Prefer Brand Name	No Preference	Somewhat Prefer Independent	Strongly Prefer Independent	Rating Average	Response Count
	<b>40.9% (9)</b>	<b>40.9% (9)</b>	9.1% (2)	9.1% (2)	0.0% (0)	1.86	22
	<b>answered question</b>						<b>22</b>
	<b>skipped question</b>						<b>12</b>

### 23. What brands or chains do you think would be a good fit for a new Lakewood hotel?

	Response Count
	13
answered question	13
skipped question	21

### 24. What locations in Lakewood do you think are appropriate for new hotel development?

	Very Appropriate	Somewhat Appropriate	Neither Appropriate nor Inappropriate	Somewhat Inappropriate	Very Inappropriate	Rating Average	Response Count
A site on Detroit Avenue in Downtown Lakewood	<b>65.0% (13)</b>	25.0% (5)	0.0% (0)	5.0% (1)	5.0% (1)	1.60	20
A site along I-90	28.6% (6)	<b>47.6% (10)</b>	4.8% (1)	9.5% (2)	9.5% (2)	2.24	21
A site on the west end of Lakewood	<b>42.1% (8)</b>	31.6% (6)	5.3% (1)	15.8% (3)	5.3% (1)	2.11	19
A site on Madison Avenue	0.0% (0)	30.0% (6)	20.0% (4)	<b>40.0% (8)</b>	10.0% (2)	3.30	20
A site on the east end of Lakewood	5.0% (1)	15.0% (3)	<b>30.0% (6)</b>	<b>30.0% (6)</b>	20.0% (4)	3.45	20
						Comments	1
						answered question	22
						skipped question	12

**25. What business or organization are you representing in this survey?**

	<b>Response Count</b>
	21
<b>answered question</b>	<b>21</b>
<b>skipped question</b>	<b>13</b>

26. If we may contact you for follow up, please provide your contact information.

		Response Percent	Response Count
<b>Name:</b>		100.0%	7
Company:		85.7%	6
<b>Address:</b>		100.0%	7
Address 2:		28.6%	2
<b>City/Town:</b>		100.0%	7
<b>State:</b>		100.0%	7
<b>ZIP:</b>		100.0%	7
Email Address:		71.4%	5
Phone Number:		85.7%	6
		<b>answered question</b>	<b>7</b>
		<b>skipped question</b>	<b>27</b>



**Page 3, Q3. How many hotel room nights per year do your visitors need?  
(Multitply the number of rooms per night by the number of nights they are used)**

1	50	Dec 17, 2012 6:52 AM
2	5	Dec 14, 2012 1:49 PM
3	15	Dec 13, 2012 1:50 PM
4	15	Dec 13, 2012 12:02 PM
5	6	Dec 13, 2012 11:39 AM
6	30	Dec 13, 2012 12:02 AM
7	5	Dec 12, 2012 2:27 PM
8	200	Dec 12, 2012 12:58 PM
9	30	Dec 12, 2012 12:19 PM
10	3	Dec 12, 2012 11:03 AM
11	600	Dec 12, 2012 10:51 AM
12	300	Dec 12, 2012 10:45 AM
13	6	Dec 12, 2012 9:31 AM
14	25	Dec 12, 2012 9:12 AM
15	20	Dec 12, 2012 8:47 AM
16	24	Dec 12, 2012 8:37 AM
17	5	Dec 12, 2012 8:30 AM
18	400	Dec 12, 2012 8:24 AM
19	25	Dec 12, 2012 8:24 AM

**Page 3, Q3. How many hotel room nights per year do your visitors need?  
(Multiply the number of rooms per night by the number of nights they are used)**

20	30	Dec 12, 2012 8:14 AM
21	4	Dec 12, 2012 7:24 AM
22	2	Dec 6, 2012 10:58 AM
23	6	Dec 2, 2012 12:05 PM
24	6	Nov 30, 2012 1:20 PM

**Page 3, Q4. When do your visitors typically need hotel rooms? Check all that apply**

1	n/a	Dec 12, 2012 8:30 AM
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**Page 3, Q5. On what holidays do they visit?**

1	n/a	Dec 12, 2012 8:30 AM
2	None	Dec 12, 2012 8:24 AM
3	not on holidays	Dec 12, 2012 8:14 AM

**Page 4, Q9. What hotels in the LAKEWOOD / BROOKLYN / OTHER areas do your visitors currently use? Check all that apply.**

1	none	Dec 12, 2012 9:32 AM
2	none, Lakewood Hotels are not safe or clean	Dec 12, 2012 8:31 AM
3	None	Dec 12, 2012 8:28 AM
4	none, they are all in areas that I would not want my guests to stay in.	Dec 12, 2012 8:15 AM
5	None	Dec 2, 2012 12:06 PM

**Page 5, Q10. How likely is it that your employees or clients would choose a hotel in Lakewood instead of their current location?**

1	I've never asked!	Dec 17, 2012 12:50 PM
2	Needs to have amenities that downtown hotels offer to lure people away	Dec 12, 2012 8:51 AM
3	Very likely if it is located in downtown Lakewood	Dec 12, 2012 8:39 AM
4	close proximately and convenience is preferred	Dec 12, 2012 8:32 AM
5	If Lakewood had a nice hotel in a DECENT area of the city, it would have no problem attracting guests	Dec 12, 2012 8:17 AM

**Page 5, Q11. How important are these factors when your visitors are choosing a hotel?**

1	ditto: never asked	Dec 17, 2012 12:50 PM
2	Downtown Lakewood would be best	Dec 17, 2012 6:54 AM

**Page 5, Q12. What is the average room rate your visitors would be willing to pay?**

**Check all that apply.**

1	ditto: never asked	Dec 17, 2012 12:50 PM
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**Page 5, Q12. What is the average room rate your visitors would be willing to pay?**

**Check all that apply.**

**Page 7, Q14. How often do you have meetings or events?**

1 100

Dec 12, 2012 10:48 AM



**Page 7, Q15. What type of meetings or events do you hold?**

1	Training/motivational type	Dec 17, 2012 6:58 AM
2	Business conference	Dec 14, 2012 1:51 PM
3	lecture	Dec 13, 2012 1:52 PM
4	meetings, parties	Dec 13, 2012 12:04 PM
5	10-20 people 3 hours with refreshments	Dec 12, 2012 1:01 PM
6	Sales Meetings	Dec 12, 2012 12:26 PM
7	conference	Dec 12, 2012 10:53 AM
8	music events; entertainment	Dec 12, 2012 10:48 AM
9	fund raisers, galas, board meetings, donor events	Dec 12, 2012 10:07 AM
10	meetings with clients	Dec 12, 2012 9:35 AM
11	Off site breakouts, semi monthly lunch seminars.	Dec 12, 2012 9:14 AM
12	Staff in services, Christmas Party	Dec 12, 2012 8:52 AM
13	training and committee meetings	Dec 12, 2012 8:33 AM
14	Business Strategy	Dec 12, 2012 8:32 AM
15	Running - Race Events	Dec 12, 2012 8:30 AM
16	board of director and shareholder meetings	Dec 12, 2012 8:18 AM
17	Monthly Luncheons with Speakers, 2 Annual Special events	Dec 12, 2012 7:28 AM
18	professional	Dec 6, 2012 10:59 AM
19	Four hour lunch seminars for groups of twenty	Dec 2, 2012 12:08 PM

**Page 7, Q16. How many attendees or guests do you typically host per meeting or event?**

1	anywhere from 200 to 1200 depending on the race	Dec 12, 2012 8:30 AM
2	60-80 at luncheons- 400+ at special events	Dec 12, 2012 7:28 AM



**Page 7, Q18. What meeting facilities or banquet halls do you currently use?**

1	Hilton Garden- Downtown Cleveland	Dec 17, 2012 6:58 AM
2	Westlake Holiday Inn	Dec 14, 2012 1:51 PM
3	none - we host these in house	Dec 13, 2012 1:52 PM
4	Local restaurants	Dec 12, 2012 1:33 PM
5	100th Bomber Group, Hilton airport, Embassy Suites	Dec 12, 2012 1:01 PM
6	none.....held at office	Dec 12, 2012 12:26 PM
7	n/a	Dec 12, 2012 10:48 AM
8	la centre marriott 150th local restaurants CYC Westwood CC Lakewood CC Clifton Club	Dec 12, 2012 10:07 AM
9	The Zoo banquet room, Marriott at 150th	Dec 12, 2012 9:35 AM
10	float between several location.	Dec 12, 2012 9:14 AM
11	Wagners, Ahern, Dave and Busters	Dec 12, 2012 8:52 AM
12	Lakewood City Schools	Dec 12, 2012 8:33 AM
13	Currently in our office, but would rather not be.	Dec 12, 2012 8:32 AM
14	Players restaurant, Edgewater Park, Deagans	Dec 12, 2012 8:30 AM
15	westlake holiday inn,	Dec 12, 2012 8:18 AM
16	Brennan's Sweetwater Landing The Clifton Club Around the Corner	Dec 12, 2012 7:28 AM
17	various	Dec 6, 2012 10:59 AM
18	Embassy suites	Dec 2, 2012 12:08 PM

1 banquet hall

Dec 12, 2012 7:29 AM



**Page 9, Q23. What brands or chains do you think would be a good fit for a new Lakewood hotel?**

1	Hilton or marriot	Dec 17, 2012 6:59 AM
2	Marriott	Dec 14, 2012 1:54 PM
3	Marriott	Dec 13, 2012 1:54 PM
4	Holiday Inn	Dec 12, 2012 2:30 PM
5	Hilton	Dec 12, 2012 12:27 PM
6	Mariott properties (not Fairfield - too low)	Dec 12, 2012 10:54 AM
7	Mariott	Dec 12, 2012 9:15 AM
8	Kimpton, Andaz, Sofitel	Dec 12, 2012 8:56 AM
9	Any Hilton or Marriott brand property, ex Hampton, Courtyard, Residence, Fairfield, Doubletree, Embassy, Homewood, etc.	Dec 12, 2012 8:40 AM
10	Hyatt, Hilton, Marriott	Dec 12, 2012 8:34 AM
11	Holiday Inn Express or another brand that has a popular points program	Dec 12, 2012 8:34 AM
12	smaller boutique brands	Dec 12, 2012 7:29 AM
13	Hampton Inn Drury Inn Marriott	Dec 2, 2012 12:10 PM

**Page 10, Q24. What locations in Lakewood do you think are appropriate for new hotel development?**

1	somewhere close to retaurants if the hotel does not offer one would be mandetory	Dec 12, 2012 8:19 AM
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**Page 11, Q25. What business or organization are you representing in this survey?**

1	mine	Dec 17, 2012 12:51 PM
2	Einstein Bagel	Dec 17, 2012 7:02 AM
3	The Eva Group	Dec 14, 2012 2:21 PM
4	Gray's Auctioneers	Dec 13, 2012 1:55 PM
5	church	Dec 12, 2012 2:30 PM
6	Mini Mart Lakewood	Dec 12, 2012 1:35 PM
7	Zeis-McGreevey	Dec 12, 2012 1:03 PM
8	Apex Sales Agency Inc.	Dec 12, 2012 12:29 PM
9	Healthcare	Dec 12, 2012 10:54 AM
10	Mahall's 20 Lanes	Dec 12, 2012 10:51 AM
11	Lakewood Hospital Foundation	Dec 12, 2012 10:23 AM
12	Office Furniture Dealership	Dec 12, 2012 9:39 AM
13	Acroment Technologies	Dec 12, 2012 9:16 AM
14	Health Care	Dec 12, 2012 8:56 AM
15	Star Asia International, Inc and Star Asia Customs, Trade & Security, Inc.	Dec 12, 2012 8:44 AM
16	Cleveland West Road Runners	Dec 12, 2012 8:41 AM
17	Lakewood City Schools	Dec 12, 2012 8:35 AM
18	ECS, Inc.	Dec 12, 2012 8:20 AM
19	Lakewood Chamber of Commerce	Dec 12, 2012 7:31 AM

**Page 11, Q25. What business or organization are you representing in this survey?**

20	myself	Dec 6, 2012 11:01 AM
21	The Cincinnati Insurance Company	Dec 2, 2012 12:13 PM

**Page 11, Q26. If we may contact you for follow up, please provide your contact information.**

1

Name:	██████████	Dec 12, 2012 12:29 PM
Company:	████████████████	Dec 12, 2012 12:29 PM
Address:	████████████████	Dec 12, 2012 12:29 PM
City/Town:	Cleveland	Dec 12, 2012 12:29 PM
State:	OH	Dec 12, 2012 12:29 PM
ZIP:	44107	Dec 12, 2012 12:29 PM
Phone Number:	██████████	Dec 12, 2012 12:29 PM

2

Name:	██████████	Dec 12, 2012 8:44 AM
Company:	████████████████████	Dec 12, 2012 8:44 AM
Address:	████████████████	Dec 12, 2012 8:44 AM
Address 2:	██████████	Dec 12, 2012 8:44 AM
City/Town:	Lakewood	Dec 12, 2012 8:44 AM

Page 11, Q26. If we may contact you for follow up, please provide your contact information.

State:	OH	Dec 12, 2012 8:44 AM
ZIP:	44107	Dec 12, 2012 8:44 AM
Email Address:	[REDACTED]	Dec 12, 2012 8:44 AM
Phone Number:	[REDACTED]	Dec 12, 2012 8:44 AM
3		
Name:	[REDACTED]	Dec 12, 2012 8:41 AM
Company:	[REDACTED]	Dec 12, 2012 8:41 AM
Address:	[REDACTED]	Dec 12, 2012 8:41 AM
City/Town:	lakewood	Dec 12, 2012 8:41 AM
State:	OH	Dec 12, 2012 8:41 AM
ZIP:	44107	Dec 12, 2012 8:41 AM
Email Address:	[REDACTED]	Dec 12, 2012 8:41 AM
Phone Number:	[REDACTED]	Dec 12, 2012 8:41 AM
4		
Name:	[REDACTED]	Dec 12, 2012 8:35 AM
Address:	[REDACTED]	Dec 12, 2012 8:35 AM
City/Town:	Lakewood	Dec 12, 2012 8:35 AM
State:	OH	Dec 12, 2012 8:35 AM
ZIP:	44107	Dec 12, 2012 8:35 AM

Page 11, Q26. If we may contact you for follow up, please provide your contact information.

5

Name:	[REDACTED]	Dec 12, 2012 8:20 AM
Company:	[REDACTED]	Dec 12, 2012 8:20 AM
Address:	[REDACTED]	Dec 12, 2012 8:20 AM
City/Town:	Cleveland	Dec 12, 2012 8:20 AM
State:	OH	Dec 12, 2012 8:20 AM
ZIP:	44135	Dec 12, 2012 8:20 AM
Email Address:	[REDACTED]	Dec 12, 2012 8:20 AM
Phone Number:	[REDACTED]	Dec 12, 2012 8:20 AM

6

Name:	[REDACTED]	Dec 12, 2012 7:31 AM
Company:	[REDACTED]	Dec 12, 2012 7:31 AM
Address:	[REDACTED]	Dec 12, 2012 7:31 AM
City/Town:	Lakewood	Dec 12, 2012 7:31 AM
State:	OH	Dec 12, 2012 7:31 AM
ZIP:	44107	Dec 12, 2012 7:31 AM
Email Address:	[REDACTED]	Dec 12, 2012 7:31 AM
Phone Number:	[REDACTED]	Dec 12, 2012 7:31 AM

7

**Page 11, Q26. If we may contact you for follow up, please provide your contact information.**

Name:	[REDACTED]	Dec 2, 2012 12:13 PM
Company:	[REDACTED]	Dec 2, 2012 12:13 PM
Address:	[REDACTED]	Dec 2, 2012 12:13 PM
Address 2:	[REDACTED]	Dec 2, 2012 12:13 PM
City/Town:	Cleveland	Dec 2, 2012 12:13 PM
State:	OH	Dec 2, 2012 12:13 PM
ZIP:	44107	Dec 2, 2012 12:13 PM
Email Address:	[REDACTED]	Dec 2, 2012 12:13 PM
Phone Number:	[REDACTED]	Dec 2, 2012 12:13 PM

# Lakewood Hotel Demand Survey for Individuals



## 1. Do you have visiting friends and family who currently stay at area hotels?

		Response Percent	Response Count
Yes		71.0%	120
No		29.0%	49
		answered question	169
		skipped question	0

## 2. Would visiting family and friends stay at a new hotel in Lakewood?

		Response Percent	Response Count
Yes		21.3%	10
Maybe		51.1%	24
No		27.7%	13
		answered question	47
		skipped question	122

**3. How many hotel room nights per year do your visitors need? (Multiply the number of rooms per night by the number of nights they are used)**

	Response Average	Response Total	Response Count
Annual room nights	7.62	876	115
	answered question		115
	skipped question		54

**4. When do your guests typically need hotel rooms? Check all that apply**

	Response Percent	Response Count	
Weekends - not holidays 	87.8%	101	
Weekdays - not holidays 	33.0%	38	
Holidays 	59.1%	68	
	Other (please specify)	4	
	answered question		115
	skipped question		54

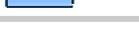
## 5. On what holidays do they visit?

		Response Percent	Response Count
Spring School Break		24.7%	21
Memorial Day		35.3%	30
Independence Day		44.7%	38
Labor Day		35.3%	30
<b>Thanksgiving</b>		<b>62.4%</b>	<b>53</b>
<b>Winter School Break</b>		<b>62.4%</b>	<b>53</b>
		Other (please specify)	26
		<b>answered question</b>	<b>85</b>
		<b>skipped question</b>	<b>84</b>

**6. What hotels in WESTLAKE do your visitors currently use? Check all that apply.**

		Response Percent	Response Count
Courtyard by Marriott		54.4%	49
Extended Stay Deluxe		2.2%	2
Hampton Inn		40.0%	36
Holiday Inn		38.9%	35
Red Roof Inn		11.1%	10
Residence Inn		20.0%	18
Super 8		3.3%	3
TownPlace Suites		5.6%	5
Unsure		10.0%	9
Other (please specify)		5.6%	5
		<b>answered question</b>	<b>90</b>
		<b>skipped question</b>	<b>79</b>

7. What hotels in the AIRPORT area do your visitors currently use? Check all that apply.

		Response Percent	Response Count
Comfort Inn		4.3%	3
Courtyard by Marriott		22.9%	16
Crowne Plaza		5.7%	4
Days Inn		4.3%	3
Hilton Garden Inn		17.1%	12
Holiday Inn		11.4%	8
La Quinta		12.9%	9
<b>Marriott</b>		<b>42.9%</b>	<b>30</b>
Red Roof Inn		2.9%	2
Residence Inn		5.7%	4
Sheraton		11.4%	8
TownPlace Suites		1.4%	1
Unsure		15.7%	11
Other (please specify)		5.7%	4
		<b>answered question</b>	<b>70</b>
		<b>skipped question</b>	<b>99</b>

8. What hotels in DOWNTOWN CLEVELAND do your visitors currently use? Check all that apply.

		Response Percent	Response Count
Comfort Inn		3.9%	3
Doubletree Hotel		21.1%	16
Embassy Suites		10.5%	8
Hampton Inn		15.8%	12
Hilton Garden Inn		21.1%	16
Holiday Inn Express		13.2%	10
Hyatt Regency		14.5%	11
<b>Marriott</b>		<b>22.4%</b>	<b>17</b>
Radisson Hotel		5.3%	4
Renaissance Hotel		21.1%	16
Residence Inn		7.9%	6
Ritz Carlton		21.1%	16
<b>Wyndham Hotel</b>		<b>22.4%</b>	<b>17</b>
Unsure		13.2%	10
Other (please specify)		3.9%	3

answered question 76

skipped question 93

**9. What hotels in the LAKEWOOD / BROOKLYN / OTHER areas do your visitors currently use? Check all that apply.**

		Response Percent	Response Count
Lakewood - Days Inn		38.8%	19
Lakewood - Travelodge		14.3%	7
Brooklyn - Extended Stay America		0.0%	0
Brooklyn - Hampton Inn		2.0%	1
Unsure		34.7%	17
Other (please specify)		24.5%	12
		answered question	49
		skipped question	120

### 10. How likely is it that your guests would choose a hotel in Lakewood instead of their current location?

	Very Likely	Somewhat Likely	Not Sure	Somewhat Unlikely	Very Unlikely	Rating Average	Response Count
	<b>63.4% (85)</b>	21.6% (29)	11.2% (15)	1.5% (2)	2.2% (3)	1.57	134

Comment 12

answered question 134

skipped question 35

### 11. How important are these factors when your guests are choosing a hotel?

	Very Important	Somewhat Important	Neither Important nor Unimportant	Somewhat Unimportant		Response Count
Price	39.8% (53)	<b>49.6% (66)</b>	9.0% (12)	1.5% (2)	0.0% (0)	133
Amenities (restaurant, pool, etc.)	29.3% (39)	<b>40.6% (54)</b>	22.6% (30)	5.3% (7)	2.3% (3)	133
Brand name	13.0% (17)	<b>41.2% (54)</b>	38.2% (50)	6.1% (8)	1.5% (2)	131
Location	<b>72.0% (95)</b>	23.5% (31)	1.5% (2)	2.3% (3)	0.8% (1)	132

Other (please specify) 8

answered question 134

skipped question 35

**12. What is the average room rate your guests would be willing to pay? Check all that apply.**

		Response Percent	Response Count	
Less than \$75		19.4%	26	
<b>\$75 to \$100</b>		<b>53.7%</b>	<b>72</b>	
\$100 to \$125		45.5%	61	
More than \$125		12.7%	17	
		Comments	4	
			<b>answered question</b>	<b>134</b>
			<b>skipped question</b>	<b>35</b>

### 13. How important are these amenities to you and your visitors?

	Very Important	Somewhat Important	Neither Important nor Unimportant	Somewhat Unimportant	Very Unimportant	Rating Average	Response Count
Free breakfast (included)	17.7% (23)	<b>55.4% (72)</b>	20.0% (26)	3.1% (4)	3.8% (5)	2.20	130
Bar / lounge	15.6% (20)	<b>39.1% (50)</b>	25.0% (32)	8.6% (11)	11.7% (15)	2.62	128
Full-service restaurant	9.5% (12)	28.6% (36)	<b>34.1% (43)</b>	15.9% (20)	11.9% (15)	2.92	126
Whirlpool	7.1% (9)	18.1% (23)	<b>38.6% (49)</b>	15.0% (19)	21.3% (27)	3.25	127
Indoor pool	15.1% (19)	31.7% (40)	<b>32.5% (41)</b>	8.7% (11)	11.9% (15)	2.71	126
Free wi-fi	<b>64.1% (84)</b>	29.8% (39)	3.8% (5)	0.8% (1)	1.5% (2)	1.46	131
Business center	9.0% (11)	30.3% (37)	<b>31.1% (38)</b>	11.5% (14)	18.0% (22)	2.99	122
Fitness center	8.6% (11)	<b>45.3% (58)</b>	31.3% (40)	6.3% (8)	8.6% (11)	2.61	128
Meeting rooms	6.5% (8)	14.6% (18)	<b>36.6% (45)</b>	8.1% (10)	34.1% (42)	3.49	123
					Other (please specify)		4
<b>answered question</b>							<b>132</b>
<b>skipped question</b>							<b>37</b>

#### 14. Space is at a premium in Lakewood. How much would your visitors be willing to pay for off-street parking?

	\$0	\$1 - \$5 per 24 hours	\$6 - \$10 per 24 hours	More than \$10	Rating Average	Response Count
	14.3% (19)	<b>44.4% (59)</b>	36.1% (48)	5.3% (7)	2.32	133
	<b>answered question</b>					<b>133</b>
	<b>skipped question</b>					<b>36</b>

#### 15. Which would you prefer as a Lakewood resident?

	Strongly Prefer Brand Name	Somewhat Prefer Brand Name	No Preference	Somewhat Prefer Independent	Strongly Prefer Independent	Rating Average	Response Count
	21.4% (31)	<b>29.0% (42)</b>	24.1% (35)	13.8% (20)	11.7% (17)	2.66	145
	<b>answered question</b>						<b>145</b>
	<b>skipped question</b>						<b>24</b>

#### 16. Which do you think visitors would prefer?

	Strongly Prefer Brand Name	Somewhat Prefer Brand Name	No Preference	Somewhat Prefer Independent	Strongly Prefer Independent	Rating Average	Response Count
	26.2% (38)	<b>41.4% (60)</b>	23.4% (34)	4.1% (6)	4.8% (7)	2.20	145
	<b>answered question</b>						<b>145</b>
	<b>skipped question</b>						<b>24</b>

## 17. What brands or chains do you think would be a good fit for a new Lakewood hotel?

	Response Count
	75
answered question	75
skipped question	94

## 18. What locations in Lakewood do you think are appropriate for new hotel development?

	Very Appropriate	Somewhat Appropriate	Neither Appropriate nor Inappropriate	Somewhat Inappropriate	Very Inappropriate	Rating Average	Response Count
A site on Detroit Avenue in Downtown Lakewood	<b>56.3% (76)</b>	26.7% (36)	8.9% (12)	3.7% (5)	4.4% (6)	1.73	135
A site along I-90	26.4% (34)	<b>34.1% (44)</b>	17.8% (23)	9.3% (12)	12.4% (16)	2.47	129
A site on the west end of Lakewood	27.5% (36)	<b>34.4% (45)</b>	27.5% (36)	6.1% (8)	4.6% (6)	2.26	131
A site on Madison Avenue	15.2% (19)	<b>34.4% (43)</b>	29.6% (37)	12.8% (16)	8.0% (10)	2.64	125
A site on the east end of Lakewood	13.4% (17)	18.1% (23)	<b>33.1% (42)</b>	21.3% (27)	14.2% (18)	3.05	127
						Comments	31
						answered question	141
						skipped question	28